Britain Captures Canadian Steel Trade

The $ and the £ Page 6

What Hudson Bay R. R. Has Cost

Largest Circulation of Any Canadian Financial Paper

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Canadian Mining News Department Page 16

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The Nation's Business

Preparation for Imperial Conference
Canada and Britain Get Into Positions to Bargain
Non-Partisan Representation

Britain Prepares for Imperial Conference

PREVIOUS attempts to effect a scheme of inter-Empire preference have fallen down because the key country, Great Britain, has in the past had nothing to offer in the making of a bargain. A free trade country can hardly offer much inducement to protected countries in the setting up of reciprocal arrangements.

The new British tariff with its 100 per cent preference to Empire countries alters the picture completely. Britain brings to the Imperial Conference to be held this year a tariff that can be made the basis of bargaining. Canada, for instance, can no longer say that it is making unrewarded gifts in the scheme of Imperial preference. After 35 years we have finally received some concessions from the Old Country that at least begin to measure up to our own concessions to Great Britain. Obviously the present situation is one of promise for the conference.

* * *

AT THE same time, the strong tariff policy of the present Canadian government, reflected in its sometimes onerous levies upon British goods, puts Canada in a position to bargain also at the conference. There has been much criticism of the tariff regulations invoked by the present administration; regulations which have had the effect of more than offsetting British sterling depreciation and in some cases of wiping out British preference entirely. If the new policy is one designed to set a precedent for Canadian tariff policy and is to protect certain Canadian industries without regard for the interests of consumers generally then it is decidedly deserving of the criticism levelled against it in many quarters, notably among Western farmers, Eastern importing houses and retail stores and in the Canadian Club of Toronto address of Sigmund Samuel this week. But until Mr. Bennett's policy is more fully revealed at the Imperial Conference it might be well to assume that the Prime Minister considers it wise to strengthen Canada's hand for the negotiations that will take place. The 35-year record of such negotiations suggests that we can make no mistake in doing so. Right now Canada is having an evidence of how British officialdom can muddle Imperial trade regulations in the embargo on our potatoes, which is so serious that New Brunswick potato growers are threatening a boycott of British goods.

* * *

UNFORTUNATELY the present tariff by regulation, while it has much value in a time of world emergency, is having the effect of enhancing one of the evils that has often been present in Canadian tariff-making, namely, the sheltering of sluggish combines. As Mr. Bennett has committed himself to the promise that tariffs shall not be permitted to work to the ultimate disadvantage of the Canadian consumer, he will have to keep his attention fixed upon this situation and not permit it to run out of bounds and certainly not beyond the Imperial Conference.

Prime Minister Bennett is going to have a real problem on his hands in attempting to work out reciprocal tariff with Great Britain and other countries, at the same time that he satisfies the demand of some Canadian industrialists. Canadians have had a real taste of high protection in the last year and a half. There is plenty of evidence that some Canadian manufacturers at least are taking advantage of the situation and are indulging in the old time practice of using the tariff as a cloak for inefficiency. Fortunately the number of manufacturers guilty of such practices is not large, but they are a group very adept in the arts of propaganda and they will fight strongly for their present favors even at the expense of suitable Imperial preferential arrangements.

* * *

IT IS the hope of Canadian producers that the forthcoming Imperial Conference will not fail to achieve some solidarity of opinion and policy. The British have made it clear that if the conference is a failure they will feel free to withdraw the preferences granted to the Dominion and impose tariffs on the products of the Dominion. The Canadian government would likewise be justified in withdrawing all voluntary preferences if no definite arrangements for their continuance can be effected at the Ottawa Conference.

It cannot be too strongly emphasized that the July conference will see the whole scheme of Imperial economic integration at the crucial point.

* * *

IN A letter to the editor of The Financial Post, which we publish elsewhere in this issue, Hon.

(Continued on page 2, col. 3)

'PEG ELECTRIC GETS HEARING OFFER TO SELL

Conditions Make Advisable Favorable Agreement of Some Kind

MAY LOWER TAXES

Details of $25,000,000 Offer Made Available to The Financial Post—Compromise Possible

From Our Own Correspondent

WINNIPEG.—Valuable light on the earning power of the railway, gas and electrical distribution units of the Winnipeg Electric Co. during the past seven years is contained in a memorandum submitted by this company to a special committee of the Winnipeg city council and made available this week to The Financial Post representative. The memorandum contains the formal offer of sale of these three branches of the company's business to the city, for the sum of $25,000,000, and sets forth a detailed statement of the valuation and earning power of each group.

Excludes Manitoba Power

The offer of sale excludes, of course the company's interest in Manitoba Power and Northwestern Power, and also part of the Winnipeg-Selkirk Railway. The offer is now under advisement by a special committee of the city council appointed for the purpose.

For 1931 these figures show that gross earnings of Winnipeg Electric from these three sources totalled $6,036,708, a drop of 6.4 per cent from the corresponding figure of $6,449,729 in 1930. The 1931 figure represents practically the sole source of income for Winnipeg Electric as no dividends were paid this year by its power subsidiary, Manitoba Power Co. In the two previous years Winnipeg Electric received over $250,000 annually from Manitoba Power by way of dividends on its common shares, which are held by the parent company.

After deducting operating expenses of $4,002,349, a $340,000 drop from the same figure a year ago, the analysis submitted to the city council shows a net operating income in 1931 of $2,034,359 from which taxes totalling $371,770 and depreciation of $536,243 are deducted, leaving a net income before fixed charges of $1,126,343—a figure which is also exactly 6.4 per cent below the corresponding item of $1,203,579 which was available from these three sources in 1930.

A feature of the statement lies, however, in the fact that it shows for the first time the respective earning power of the street railway, and the gas and electric distribution systems of the company. For instance, the 1931 figures reveal that net income from the electric distribution system, available for fixed charges, was the highest in the company's history and amounted to $901,188 or 80 per cent of total income from these three sources. Seven years ago only 50.6 per cent of the company's income came from this source. Gross earnings from the electric system were only slightly behind the peak year of 1930 at $2,174,864.

Railway, Gas Revenues Drop

On the other hand net revenues from both the railway and gas systems are shown to have declined steadily with the exception of 1929 from the peak year of 1926. In 1926, net railway income available for fixed charges was $548,972, or 31 per cent of the total of these three groups. In 1931 this had shrunk to $119,060 or 10.5 per cent of the total. Similarly, income from the gas system which in 1926 contributed $238,291 toward fixed charges, had declined to $106,096 at the end of 1931 and represents now only 9.5 per cent of income after depreciation and taxes. The peak year for gross revenues in both the gas and railway systems is shown by the analysis to have been 1929.

As to the values of the respective properties given in the offer of sale, the $25,000,000 is divided as follows:

Railway, exclusive of the Winnipeg, Selkirk & Lake Winnipeg Rail-

(Continued on page 4)

Jewell Tea Seeks Loblaw Chicago Unit

Jewell Tea Co. has been announced as the prospective purchaser of the Chicago unit of Loblaw Groceterias Inc., subsidiary of Loblaws Groceterias Ltd. As first announced in The Financial Post, last week, negotiations are under way for the sale of the 77 stores operated by Loblaw in Chicago and this will permit the United States subsidiary to concentrate operations in Buffalo and New York State.

The meeting of shareholders of the United States subsidiary which was to have been held on February 5 to ratify sale of the Chicago assets has been postponed for two weeks. Jewell Tea Co. is a large distributor of grocery items but has not heretofore entered the chain store field having confined sales to some 64 items which are sold by salesmen with motor trucks.

B. C. PACKERS GETS BENEFIT OF PREFERENCE

British Give 10 Per Cent Margin to Pacific Coast Industry

From Our Own Correspondent

VANCOUVER.—Great Britain's decision to give a 10 per cent tariff preference to Empire canned salmon and frozen fish is too late to have an effect on the financial statement for 1931 of British Columbia Packers and other companies engaged in the industry. It will, however, give a much more hopeful outlook for 1932 to those engaged in the handling of sockeye salmon and frozen fish. There are at least several hundred thousand cases on hand for sale by the industry at large in British Columbia and this indication that one of the most important markets in the world for these products has suddenly been extended for Canada by the practical exclusion of serious foreign competition, is the best news the industry has had for years.

So far as 1931 is concerned, British Packers is believed to have cut expenses in a drastic manner and to have sold a large part of its inventory of finished goods so that bank loans are understood to be down and its liquid position improved generally. If the British preference opens the way to clearing present supplies to a considerable extent before the new season begins, it may open the way to a larger pack than was the case in 1931.

Japan and Siberia Compete

In the past, British Columbia canned salmon had to compete with the canned salmon of Japan and Siberia, and Japanese and Soviet packers were able to produce at such a low cost that they cut the prices to a ruinous extent. Very little profit was left in the British Isles market for the British Columbia canned salmon business.

This condition has now been righted. A ten per cent preference, it is believed, will enable the British Columbia packers to shut out a large proportion of the Russian and Japanese pack.

"Now that we appear to be on the threshold of an important trade victory," a leading salmon packer told The Financial Post, "we will have to make it our business to sell only the very best product to the British market. In the past, some packers have been careless and reckless in their attempts to make a profit out of the British market and have shipped an inferior product. All that sort of thing must cease, for when we once win the British market we intend to hold it."

As a matter of fact, it is learned that the Canadian government is making plans for a thorough inspection of all fish shipped from Canada to foreign markets, and this will apply particularly to the British market.

MASSEY HARRIS SET-UP BETTER, LOANS LOWER

Statement For 1931 Will Show Lower Receivables and Inventories

PRODUCT NEEDED

Costs on Lowest Basis, Consistent With Efficiency, Ready For Reviving Farm Demand

When Massey-Harris financial statement for the year ended November 30, 1931, is published towards the end of February it will show that the strenuous campaign of internal reorganization and economy was fruitful in reducing somewhat the high totals of accounts due the company on sale of machinery in 1929 and preceding years and the large inventories built up in 1929 to meet the large demand then obtaining. In consequence bank loans will be somewhat lower, and the prospects for 1932 will be more encouraging in that many of the economies effected in 1931 had been operative only for part of the fiscal year.

As the farmer was almost altogether out of the market for capital expenditures of any kind, there will be a loss shown on actual operations, but the improvement in the liquid position of the company will be all the more acceptable to shareholders in that it has been accomplished without repossessions from farmers to any extent and at a level of prevailing cereal prices for farmers the world over which has meant loss to nearly every farmer. A number of farmers have left their farms in Western Canada in areas which should never have been opened to settlement, and in such cases machinery has been repossessed, but farm machinery companies on the whole in Canada have followed the policy of letting the farmer keep the machinery as it is only through the use of such machinery that he can eventually pay for it.

Farmers Are Good Pay

Massey-Harris Co. out of the company's experience in the deflation period of 1920, 1921 and 1922, has found farmers good pay as soon as prices of their products enable them to get in a position to settle long-standing accounts. Executives feel that time is on their side and that wheat and other grains will once again gain in price in time as it always has in the past as surpluses dwindle and acreage is abandoned when wheat is at unprofitable levels. In fact, they are inclined to expect farm populations to lead the rest of the world on the way to recovery.

Prices have been reduced on some farm implements and machinery but no wholesale scaling down has occurred either in Canada or the United States as most of the machinery and implements offering today were manufactured in 1929 for use at the prevailing level of commodity prices then. As prices recover this machinery will be wanted again. Many farmers in Western Canada now feed their unwanted grains to horses and use the horses instead of tractors and machinery. The tractors and combines, it is said, will have their day when prices go up once more and markets are eager again for cereals.

French Business Good

Canadian grain has been greatly hampered in finding markets by the abnormally high tariffs erected in European countries. This had the effect so far as the Company's French factory was concerned of keeping production in France at normal rate. Recently the level of prices in France has been declining with consequent effect on production at the French factory.

Massey-Harris problems are not unique in the industry. All over the world the drop in prices has affected every company in the industry. The greatest array of unfavorable developments ever recorded in the history of the agricultural implement industry is reported from the United States where Massey-Harris Co. does an important business in tractors and farm machinery. Droughts, grasshoppers, over-production, surplus carry-over, interferences with the economic law of supply and demand, reduced farm buying power, foreign complications, retaliatory tariffs, badly balanced dealer inventories, low dealer morale, greatly increased outstandings and many other conditions are reported by R. G. Dun & Company in a special survey of the trade. Most of these obstacles were met in Canada as well except that the references to dealer inventories do not apply in Canada where sales are direct to the consumer through agents who receive machinery on a consignment basis.

Replacements Inevitable

Replacements are inevitable as a result of the farmer being to a great extent out of the market in 1930 and 1931. With low costs a necessity large operators must have power machinery. With a combine and tractor a man can harvest and thresh 500 acres in 15 days at lower cost to the acre as compared with old methods. Manufacturers expect that the development of power farming, which was so rapid in the last decade, has only been arrested and that, when prices rise the trend will once more be to farm mechanization.

General Brock Hotel Co. Had Net Loss $83,894

The General Brock Hotel Co. which commenced operations on July 1, 1929, and showed a small profit of $3,000 before depreciation in the first six months of operation, reports a net loss of $23,894 after depreciation but before bond interest for 1931 as compared with a net loss of $6,290 in 1930. As the interest on bonds was $60,000 in each year, the net loss after bond interest in 1931 was $83,894 and in 1930 $66,290. If depreciation had been charged on the same basis as later the small profit of $3,000 shown for the last six months of 1929 would have been turned into a net loss of $8,000 with $11,000 written off for depreciation at the rate of 2½ per cent on the cost price of buildings and at the rate of 10 per cent on furniture and sundry equipment.

Has Working Capital Deficit

A working capital deficit is shown in the last statement, current assets being $11,302 and current liabilities $108,303. A year earlier current assets had been $20,652 and current liabilities $91,657. Value of land, buildings and equipment was shown at $1,512,636 at the end of 1930 and slightly more at $1,518,258 at the end of 1931. Deferred charges on December 31, 1930, were shown at $127,022 and a year later at $114,625.

During the year the $1,000,000 bond issue was reduced by operation of the sinking fund to $970,000 and capital stock paid in increased from $583,084 to $614,535. The reserve for depreciation increased in the year from $48,787 to $98,477.

June, July, August and September are the four months in which the General Brock Hotel does its most profitable business as Niagara Falls draws tourist trade in greatest numbers at that time. The last two years have not drawn as large numbers of wealthy visitors as usual and there is no indication as yet by which one can judge of results for 1932.

GOODYEAR TIRE STARTS OFF '32 STRONGEST YET

Earns Dividend With Good Margin, Raising Surplus to $7,665,563

LARGE WRITE-OFFS

Quick Assets $7,245,830 Are 17 Times Current Liabilities—Increased Taxes

The Goodyear Tire & Rubber Co. of Canada, Ltd., earned in the 15 months ended December 31, 1931, after depreciation of $1,043,695, net profits of $1,702,985 as compared with $1,550,404 in the previous 12 months ended September 30, 1930. Dividends of $642,758 paid on the 7 per cent preferred stock were 2.65 times in the 15 months period and earnings on common stock amounted to $8.24 a share as compared with actual dividends paid of $6.25 a share. This compares with $8.02 a share earned in the year ended September 30, 1930, and $21.94 a share in the year before that. The year's surplus of $256,290 brings the company's surplus to $7,665,563.

CONSOLIDATED INCOME & SURPLUS ACCOUNT

	15 mos. end. Dec. 31 1931 $	Yr. end. Sept. 30 1930 $
Profit for year, after inc. tax	2,746,680	2,407,587
Less: Deprec.	1,043,695	857,183
Net profit	1,702,985	1,550,404
Less appropriations:		
7% pref. divids.	642,757	519,421
Common dividend.	803,938	643,150
Common bonus	....	321,575
Surplus for year	256,290	66,258
Add: Prev. surp.	7,409,272	7,343,014
Bal. carried forward	7,665,562	7,409,272

The fact that there are three months more in the period under review than in the preceding year does not materially alter the earnings situation for comparative purposes. The Financial Post is informed by a prominent executive of the company that the months of October, November and December have always been poor months and that in 1930 and 1931 these months were as usual low sale months. The profits from the extra three months therefore did not materially increase profits, certainly less than 10 per cent.

Write-offs Were Large

Out of the large amount set aside for depreciation on buildings and equipment the company, after deducting obsolescence and depreciation, carried forward $508,219 to plant reserve, bringing the total reserve to $5,473,040, which is 45.4 per cent of the total investment of $12,379,435 in buildings, plant, machinery and equipment.

All manufactured goods, goods in process, materials on hand and future commitments have been written down to the market as of December 31, states C. H. Carlisle, president and general manager, in the report to shareholders. He also reports that all Canadian government bonds have been written down a large amount to the market as of December 31, 1931, even though it is not considered likely that these bonds will show an actual loss. All bad and doubtful accounts have been written off and an additional reserve of $109,689 carried forward for outstanding accounts.

It is also pointed out that in the preceding year the net result included $313,725 profit from export business. The present statement includes only $187,420 profits on export business from 1930 transactions but no profits from export business in 1931 as the greatly disturbed business conditions and extreme fluctuations in the money value of the different countries make it almost impossible to get a true appraisal of the 1931 export business. Mr. Carlisle is able to state, however, that there will be no losses from this business.

Doubly Strengthens Position

Since issuing the capital stock in 1927 the company has redeemed 6,040 preferred shares, leaving $7,345,800 outstanding, and redeemed and cancelled 4,670 shares of common stock, leaving 128,630 no par value common shares outstanding. By the double process of adding to surplus and cancelling shares the company has been placing itself and its shareholders progressively in a stronger financial position.

Liquids Are Very Strong

Current and working assets at $10,479,158 are 24.93 times current liabilities of $420,280. This is an improved position over the preceding years as the following comparison shows:

Working Capital

	1931 $	1930 $	1929 $
Curr. assets	10,479,158	9,997,163	11,376,318
Curr. liabs.	420,280	459,257	1,411,095
Work. cap.	10,058,878	9,537,906	9,965,223
Ratio	24.93—1	21.77—1	8.06—1

Current quick assets, that is, cash, loans, government bonds and accounts receivable, at $7,245,830, alone are more than 17 times current liabilities. Cash at $1,057,344 is more than twice current liabilities, call loans and government bonds at market add another $4,747,661 so that these two together—cash and securities that can be made cash at quick notice—are 14 times current liabilities. Inventories at $3,233,328 show some advance on the total 15 months earlier especially in raw materials and supplies though finished goods and goods in process show declines. This seems to indicate that the company has

(Continued on page 2, col. 2)

Hostilities in Orient Are Threat to Trade

Flour Exports Are on Cash Basis — Large Cash Business Done in Potatoes — Salt Herring Industry Stopped — Pulp Still Goes

From Our Own Correspondent

VANCOUVER.—If hostilities in the Orient continue for very long, transpacific trade developed in recent years by Canada may be seriously threatened, according to shipping men and foreign trade operators here.

Canadian flour exports are being sold strictly on a cash basis, exporters state, and this will probably continue as long as there exists any uncertainty regarding delivery and credit. This situation, they point out, cannot last long without impairing relations between buyer and seller because long credit has been one of the fundamentals of business with the Far East.

Want Potatoes

There has been a sudden increase in the demand for Canadian potatoes in the Orient and some large shipments have been made, also on a cash basis. There was a similar demand for potatoes when the British concentrated troops in Shanghai several weeks ago at the time of the Chinese boycott against British goods.

The Chinese boycott against Japanese goods in the present disturbance has had serious effects on at least one Canadian industry. China has for several years been a large buyer of British Columbia salted herring. When it became known that a considerable volume of this herring was caught and packed by Japanese in British Columbia the product was placed on the blacklist, and several large shipments to China have been left to rot on the wharves in Shanghai. The salt herring industry in British Columbia was forced to shut down before the season was half over.

Pulp Exports Continue

Exporters of pulp say that the situation has not yet affected them and that shipments to both Japan and China have not been interrupted. If hostilities continue long, however, there is always a possibility of Japan establishing a blockade of certain Chinese ports in the event of which Canadian pulp, as well as other goods, would not reach its destination. Meantime the exchange situation is the chief deterrent to Far Eastern trade, the fluctuation on the Japanese market making it difficult to fix a price assuring a fair return. Demand continues about the same, it is stated.

CANADA DRY IS HOPEFUL ON NEW DRINK

Despite October Loss Sales Expanded in November and December

Despite the mild weather for the last three months of 1931 which constituted the first fiscal quarter of Canada Dry Ginger Ale, the result to the company was a loss of $23,560 after depreciation, interest and taxes as compared with a net income for the same period in 1930 of $203,277.

Net sales for the three months were $1,484,402 as compared with $1,875,161 in the same period of 1930. P. D. Saylor, president, says that October appears to have been a very bad month in sales for companies in most lines of business and especially so for sellers of packaged goods in the food industry. Canada Dry October sales suffered a severe drop not only in dollars, due in part to the lower price per case established in April, 1931, but also in cases. Even case sales were lower by a large margin than for any October in the past six years.

November Sales Recover

November case sales made a substantial recovery from the October level and were just slightly below sales for Nov., 1930. December case sales held the recovery, were ahead of November sales and exceeded those of Dec., 1930. He considers the reversal in sales trend in November and December as decidedly encouraging after the October experience. He felt that it indicated that unless general business took another adverse turn the company could reasonably expect its sales at the end of the fiscal year, both in cases and in dollars to be satisfactory.

3 Months Ended Dec. 31

	1931 $	1930 $
Net sales†	1,484,042	1,875,161
Less: Sales expenses	1,421,358	1,541,510
Net operating profit	62,684	333,651
Add: Other income	28,043	47,792
Gross earnings	90,727	381,443
Less: Misc. deductions‡	34,784	78,802
Net earnings	55,943	302,641
Less: Depreciation	73,787	72,764
Interest	5,716	....
Income taxes	....	26,600
Net income	*23,560	203,277

*Deficit.

†Amount charged customers for net purchases after deducting freight, breakages, etc.

‡Includes discount allowed customers for prompt payment of bills, provision for uncollectable accounts and miscellaneous small items.

The president states that collections have been good and the company's financial position remains strong, the ratio of current assets to current liabilities being 8.35 to 1. Net current assets behind each share of stock outstanding equal $8.17.

"On December 3 we discontinued in New York City our previous policy of selling our goods exclusively through the wholesaler and commenced to sell and deliver our product direct to the retail trade in the New York City Metropolitan Area," Mr. Saylor continues in letter to shareholders. "Although this new method has been in operation less than two months, the evidence is already clear that the change is producing an immediate and very favorable effect on our business in this market.

"On January 1 we commenced securing distribution through soda fountain outlets for Canada Dry syrup from which the fountain operator can make to order a 5 cent glass of Canada Dry. This move opens to your company an entirely new field of income possibilities.

"In the meantime, it may be said that were initial results in the New York Area to be considered as a reliable indicator, then future income possibilities from this new source will exceed optimistic expectation."

W. HARGREAVES HAS BEST YEAR IN ITS HISTORY

Net Profits Equal 21 Cents a Share—Ore Reserves Up, Costs Down

Highlights of the eleventh annual report of the Wright-Hargreaves Mines for the year ended December 31, 1931, are greatest tonnage, recovery and earnings in the company's history.

Net profits after all write-offs were $1,172,868 or 21 cents per share as compared with $789,489 or 14 cents per share in 1930.

The mill treated 266,352 tons of ore, averaging $11.73 per ton in gold bullion, as compared with 220,430 tons averaging $12.20 per ton in 1930. Gross value of bullion produced was $2,912,308. The grade of ore treated in 1931 was 51 cents per ton lower than that in 1930, but the recovery was but 16 cents lower owing to improved metallurgy. Costs per ton were $6.36 per ton as compared with $7.75 in 1930.

Ore reserves increased from 619,605 tons averaging $11.83 per ton on January 1, 1931 to 753,510 tons, averaging $11.65 on December 31, 1931.

The following is the reference made to developments at the mine by M. W. Summerhayes, general manager:

"The most important feature of the development work during the year was the cutting of the 'C' vein, a part of the south vein series lying south of the old south vein. This was first encountered while sinking the No. 3 shaft below the 2,700 ft. horizon.

"At about 2,800 ft. this vein left the shaft on the south side. However, it

(Continued on page 2, col. 1)

Siscoe Declares Initial Dividend 4 Cents Share

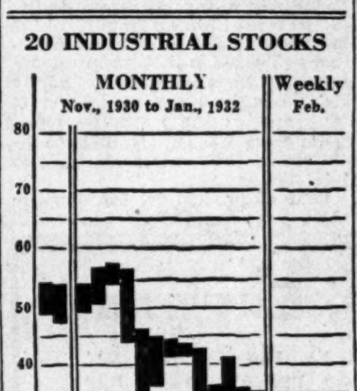
Siscoe Gold Mines declared its initial dividend of four cents a share on February 12, payable on March 31 to shareholders of record March 21.

This will mean the distribution of approximately $180,000 as 4,500,000 shares are outstanding.

It is understood that the dividends were entirely earned from operations. That is, premium on gold production and non-operating earnings are extra.

Stock Market

20 INDUSTRIAL STOCKS



MARKET RECORD

Industrial Stocks	High	Low
Week of Feb. 9	33.3	32.0
Week of Feb. 2	33.7	32.9
Month of Feb., 1931	58.9	49.4
8 Bank Stocks		
Week of Feb. 9	206	205
Week of Feb. 2	210	210
Month of Feb., 1931	249	244
10 Public Utilities		
Week of Feb. 9	55	54
Week of Feb. 2	55	55
Month of Feb., 1931	87	80

ACADIA SUGAR STARTS TO CUT DOWN ARREARS

Adds 1 Per Cent to Regular Payment on Preferred

PROFITS MAINTAINED

Company Benefits by Better Conditions Prevailing in Domestic Market for Product

From Our Own Correspondent

MONTREAL.—In addition to paying a regular half-yearly dividend of 3 per cent on the preferred stock in December, 1931, directors of Acadia Sugar Refining Co. also declared a payment of 1 per cent on arrears making a total disbursement of 4 per cent or 20 cents a share on the $5 par value preferred stock. The shares are now 23 per cent in arrears.

This additional payment reflects the improved conditions under which Canadian sugar refiners operated last year and indicates that earnings of Acadia Sugar for 1931 will compare favorably with those of the previous period. In the 12 months ended January 3, 1931, earnings were $466,934 which was sufficient to cover an interest and depreciation charge and leave a surplus of net profit of $87,042 applicable to dividends. This figure compared with $683 in the preceding year.

Has Paid Three Dividends

The sharp gain in net profits enabled the company to make its initial disbursement on the preferred stock, of which there is $1,500,000 outstanding. A dividend of 3 per cent was paid in December, 1930, to be followed by a similar payment in June, 1931. The recent declaration of 4 per cent, therefore, maintains the regular annual 6 per cent rate plus a payment on account of arrears.

Preferred shareholders may well be encouraged by the first step toward liquidation of their arrears in dividends. Not since 1916 have these stockholders received anything in the way of dividends. Payment on the old preferred was discontinued in that year; the stock was exchanged for new preferred in the recapitalization plan of 1926 and shareholders have waited patiently for some return on their holdings. In 1930 this vigil was rewarded by the commencement of regular dividends and now the company is working toward a gradual reduction of the arrears.

Acadia Sugar, together with other refiners in Canada, has undoubtedly benefitted in the past year by the recent application of dumping duties on imported sugar.

Refined Imports Were Lower

Canadian sugar refiners have been working against a world-wide overproduction of sugar, low prices and keen competition. Imports of refined sugar from Cuba in the past have been the greatest thorn in Canadian refiners' sides, not so much through their volume as the fact that they tended to set the price for the domestic market.

Since the application of dumping duties in 1930 there has been a change in the situation surrounding the domestic refiner. Profits of leading companies showed gains in 1930 and figures on sugar production in Canada indicate that they have been successful in securing a larger share of the domestic market.

For instance in 1931 imports of refined sugar were reduced by over 50 per cent and figures on total production showed improvement both as regards manufactures and shipments. Imports of refined sugar into Canada last year were 20,704,000 pounds compared with 50,710,900 pounds in 1930.

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English Elec.	11	Sask. Co-op.	9
E. Lambton Ln.	13	Simon & Son	2, 3
East. Trust	4	Tip Top Tailors	4
Edmonton Dy.	5	Twin City	4
Federal Fire	12	Windsor Ho.	15
For. Pr. Secs.	3	W. Emp. Life	12
Goodyear	1	Well'ton Fire	12
Gen. Brock H.	1	Wpg. Elect.	1
Guar. of N. A.	12	Weston, Geo.	2
Jam. Pub. S.	4		

MINES AND OILS

Amulet	11	Mercury Oil	16
Ashley Mine	16	Mabelle Mine	16
Bagamac	16	Nordon	11
Coast Copper	11	Oil Selections	11
Coniaurum	16	Pend Oreille	16
Harker	16	Siscoe	1
Kirk. Lake G.	16	Sherritt-G.	11
La Rose-Rouyn	11	Teck-Hughes	16
McVittie-Gra.	16	Wr.-Har.	1

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PAGE-HERSEY TUBES, LIMITED

ANNUAL REPORT AND BALANCE SHEET AS AT DECEMBER 31st, 1931

Crowland, Ont., Feb. 2nd, 1932.

To The Shareholders:—

Your Directors take pleasure in submitting the Annual Report and Statement of Operations of your Company, for the twelve months ended 31st December, 1931.

Net Profits for the year, after making ample provision for the depreciation in Machinery and Plant and Securities held for Investment Account—bad and doubtful debts—Income Taxes, etc., amounted to $1,013,738.98 as against $1,801,665.92 in 1930.

Operating or Trading Profit for year	$852,350.17
Interest on Investments, Call Loans, Banks, etc.	161,388.81
Making a total of	$1,013,738.98

The amount allowed for depreciation of Plants, Buildings, etc., viz.:—$178,799.37 was similar to that of the preceding year.

Inventory of materials on hand, was taken at prices not exceeding cost or market value, whichever was lower.

Cash, Call Loans, and Investment Securities, viz:—$3,710,491.30 compare favorably with 1930, viz:—$3,369,930.64.

The reduction in Profits earned during the year under review, has been due to various causes, namely—the lessened demand for Tubular products—Capital Stock Tax inaugurated by the Ontario Legislature, which not only applies to the par value of the issued shares, but to all surpluses, notwithstanding that said surpluses may be invested in Plant and Buildings, and thereby taxable by the local Municipal authorities—the Retroactive Federal Income Tax applicable to the Profits of 1930, but payable in 1931.

Conversion of the Preferred shares into Common, has reduced the Preferred issue from 244 shares, at the date of the last Annual Report, to the present total of 184 shares. The number of shareholders has been increased from 1,671 to 1,993.

Additions to Plant and Buildings, amounted to $770,654.67, due to the erection of the Seamless Plant, which has been completed and placed in successful operation.

The Push Bench method of making Tubular products, is entirely novel, in so far as North America is concerned, and has proven a success, so much so, in fact, that experts from practically every Tube Mill in the United States have inspected these Works, with the result that two similar Mills are at present under construction in that Country.

These Works have been erected well within the amount appropriated by you for that purpose, at our Annual Meeting of the 4th February, 1930, viz:—$2,000,000.00. A portion of the cost was provided for in the Annual Statement of the 31st December, 1930, and balance during the current period.

As the Plant was only placed in production during December of last year, no addition to profit has emanated from this source. The expectation that business for this Plant, would largely offset any falling off in the general Tubular trade, during 1931, has therefore, not been realized.

Your Company has no Bonds or Bank Loans outstanding; no increase has been made in the number of shares issued, and all obligations in connection with these new Works have been amply provided for.

Your Directors take this opportunity to thank the Officials and employees of the Company for their loyal co-operation throughout the year.

For the Directors,
W. W. NEAR,
President and Managing Director.

ASSETS

Fixed:			
REAL ESTATE, BUILDINGS, PLANT, MACHINERY, AND EQUIPMENT		$4,328,597.70	
INVESTMENT IN STOCKS OF SUBSIDIARY AND ALLIED COMPANIES		739,000.00	
			$5,067,597.70
Current:			
Cash on hand and in Banks		644,237.95	
Call Loans (secured)		600,000.00	
Bills Receivable		33,462.46	
Accounts Receivable		298,720.32	
Advances to Subsidiary Companies		846,480.79	
Employees Bonus Fund		210,529.57	
Investment in Government Bonds and other Marketable Securities		2,466,253.35	
Merchandise Inventory		1,666,680.47	
			$6,266,364.91
TOTAL ASSETS			$11,333,962.61

LIABILITIES

Capital Stock:			
Preferred Stock, seven per cent cumulative. Authorized—30,000 shares of $100 each. Outstanding and fully paid up 184 shares		$ 18,400.00	
Common Stock—no par value: Authorized 175,000 shares. Outstanding 174,252 shares		6,248,470.68	
			$ 6,266,870.68
Surplus			2,500,000.00
Profit and Loss			1,057,326.38
			9,824,197.06
Reserves:			
Reserve for Depreciation on Buildings, Plant and Machinery			929,149.61
Current Liabilities:			
Accounts Payable		$ 186,173.35	
Bills Payable		65,665.28	
Accrued Wages		7,171.06	
Dividends on preferred and common stock payable January 1, 1932		214,137.00	
Reserve for Taxes, etc.		107,469.25	
			580,615.94
TOTAL LIABILITIES			$11,333,962.61
Profit and Loss:			
Balance Forward			$ 940,703.67
Operating or Trading Profit		852,350.17	
Interest from Investments, Banks, etc.		161,388.81	
		$1,013,738.98	
Deduct Dividends on Preferred Stock	$ 1,384.25		
Dividends on Common Stock	855,768.75		
		857,153.00	
Net Surplus for year			156,585.98
			$1,097,289.65
Transferred to Surplus Account			39,963.27
			$ 1,057,326.38
Surplus:			
Balance forward			$ 2,460,036.73
Transferred from Profit and Loss			39,963.27
			$ 2,500,000.00

Contingent Liabilities: Bank guarantee for subsidiary Companies, $130,000.00.

Certified correct as per certificate of audit attached.

MacQUARRIE & PETMAN, Auditors.

The Nation's Business

(Continued from Page One)

Frank Carrel, of Quebec makes the suggestion that Canada's representation at the forthcoming Imperial Economic Conference should be non-partisan.

In connection with several previous conferences of this nature The Financial Post has promulgated a similar suggestion. Canada's delegation should be able to speak for all shades of opinion in Canada. It should represent first of all, of course, the viewpoint of the government of the day for to that government will fall the immediate duty of implementing the decisions arrived at. But it should represent also the viewpoint of the chief opposition groups, for those groups not only represent a large body of opinion in Canada but they will some day no doubt share in the establishment of legislative policies that will be needed to maintain Imperial policies as continuing policies.

The economic conference should be approached not in a high tariff or a low tariff spirit but in an endeavor to shape Canada's policies to the pattern of Empire policies to the greatest degrees practicable.

Mr. Bennett in selecting his group of advisers for the Imperial Economic Conference should set the precedent which Mr. King refused to set. He should ask the Liberal party to nominate at least two members of the delegation and the leaders of the farm bloc a third representative.

* * *

MR. CARREL urges also that business leaders should be invited to the conference. At least there should be the closest co-operation between all classes of producers in Canada and the cabinet in the framing of proposals to go before the conference. The government asked the Canadian Manufacturers' Association for some co-operation but no doubt realized that the C. M. A. was representative of only one group of Canadian producers for it is carrying out through officials an enquiry similar to the one the C. M. A. was asked to make. The Canadian Chamber of Commerce is undertaking a survey of potential Canadian buying power for British products which should prove useful. As a practical effort the rubber manufacturers have, after a comprehensive survey of their purchases, already diverted a substantial proportion of their raw material orders to British sources.

Sun Life Co. Establishes New Records Last Year

Business in Force Passes Three Billion Mark—Surplus Income for Year Same as in 1930—Assets Top $625,000,000 — Buy More Bonds

From Our Own Correspondent

MONTREAL.—Over $525,000,000 of new business was written by the Sun Life Assurance Co. of Canada in 1931; assurances in force at the end of the year exceeded $3,000,000,000; assets advanced to nearly $625,000,000; income exceeded disbursements in 1931 by $60,630,000; surplus over all liabilities except capital stock fell to $18,345,515; the investment policy would appear to have a more pronounced leaning toward bonds.

These are the major features of the annual statement of the Sun Life for the past year. The income statement shows that the company received a total revenue in 1931 of $197,140,162, as against $186,662,316 in the previous year.

Premium Income Greater

Premium income advanced nearly $15,000,000 to $154,653,272. It is noted that new life premiums are off about $5,000,000; renewal premiums are up $15,500,000; while the other classifications show minor changes. Premiums on both ordinary and group annuities show appreciable increases.

Income from interest, dividends and rents (net) amounted to $28,807,736, compared to $32,198,247 in 1930. The other items of income are relatively unimportant and vary little from those reported in the previous year.

The total of disbursements for the past year aggregated $136,509,377, or $60,630,785 less than receipts. The 1930 report showed disbursements of $125,918,830 and an excess of income totalling $60,743,485.

Over $94,000,000 was paid out by the company last year on account of claims, dividends, surrender values, etc. This was roughly $12,000,000 more than in 1930.

The balance sheet as at December 31, 1931, shows assets at $624,804,455, up from $588,733,631 a year ago.

The security holdings of the company are shown in the present report as at the values set by the Dominion Government Insurance Department. The ledger and market values are not shown as in the 1930 report.

Bonds of all classes held by the company are set down at $119,233,348, as against a market value of $87,251,906 a year ago.

Preferred and guaranteed stocks amount to $32,374,985, up from a market value of $27,975,558 at the end of 1930.

Common Stocks Less

Other stocks, largely common have declined in value from $304,559,321 at market to $293,695,310.

Real estate, including the company's buildings, has appreciated in value during the year from $23,911,583 to $26,380,636.

Loans on company's policies, secured by reserves on same, have advanced from $71,986,103 to $87,174.773.

The surplus over all liabilities and capital stock has dropped from $31,751,490 at the end of 1930 to $16.345,515 at the close of business in 1931.

In his annual statement T. B. Macaulay, president, said that in respect to new business over $100,000,000 of paid-for business was secured in Canada, approximately $291,000,000 in the United States, over $50,000,000 in Great Britain, and $85,000,000 from the rest of the world.

GEORGE WESTON COMMON EARNED $1.46 PER SHARE

Increased Holdings in Affiliated — Cash is Higher

George Weston Ltd. had net profit of $153,963 in 1931 as compared with $210,431 in 1930 and after increased provision for income tax and payment of preferred dividends earned $1.46 per share on the 50,000 common shares issued as against $2.60 per share earned in 1930. The report shows some decrease in working capital due to retirement of special bank loan and purchase of stock in affiliated companies but ratio of current assets to current liabilities remains high at 5.8 to 1. Cash on hand is up to $156,275 from $141,416 in 1930.

Fixed assets are shown at $1,105,143 after reserve for depreciation of $22,089. Shares in controlled and related companies are carried at cost of $387,322 as compared with $185,679 in 1930. At $256,250 there is a slight decrease in the special account receivable from Geo. Weston Bread & Cakes Ltd. re purchase of Lawlor's Bread, Ltd.

In addition to current liabilities of $138,854 there are special accounts payable on purchase of Lawlor's Bread Ltd. amounting to $206,250 which compares with $272,500 shown in 1930.

SIMON AND SONS EARNINGS BELOW DIVIDEND NEEDS

Preferred Requirements Earned — Additional Shares Redeemed

From Our Own Correspondent

MONTREAL.—Earnings of H. Simon and Sons, cigar manufacturers, in 1931 were sufficient to cover preferred dividend needs by a margin of $3,838. Disbursements on the common stock totalled $75,125 so it was necessary to encroach on surplus to the extent of $71,287.

Net profit for the period was $62,995 compared with $136,017 in the previous year. After slightly larger provision for depreciation and bad debts, balance applicable to preferred was $41,043 compared with $116,958. Preferred dividend needs were lower in 1931 reflecting redemption of additional shares.

Earned 12 Cents a Share

After payment of preferred dividends there remained a sum equal to 12 cents a share on the common against which dividends of $2.50 a share were paid. In 1930 per share earnings were $2.51.

An interesting item in the report is a contingent liability of $114,798 for exchange on bills payable in U. S. A. funds. It is stated that these are expected to be renewed at dates of maturity.

Following is a comparison of profit and loss figures for the past three years:

	1931 $	1930 $	1929 $
Net profit	62,995	136,017	219,260
Depreciation	12,394	10,916	12,937
Debt reserve	9,558	8,143	6,051
Balance	41,043	116,958	201,272
Pfd. divid.	37,205	41,526	45,355
Balance	3,838	75,432	155,917
Com. divid.	75,125	75,125	45,075
Balance	d71,287	307	110,842
Sinking fund	......	......	15,174
Acc. divids.	......	......	3,737
Surplus (d)	d71,287	307	91,931
Prev. surplus	230,236	210,876	118,945
Balance	158,949	211,183	210,876
Adjust.	†2,439	‡19,053	......
P. & L. bal.	156,510	230,236	210,876

†Adjustment income tax for 1930.
‡Preferred stock sinking fund reserve transfer.
d—Debit balance.

Declaration of the quarterly dividend of 62½ cents a share on the common stock, ordinarily due March 1, 1932, has been deferred; directors state that common stock distribution will in future be considered semi-annually.

W.-HARGREAVES HAS BEST YEAR IN ITS HISTORY

(Continued from page 1)

has been picked up and developed on all the five lowest levels, producing good lengths of commercial ore on each.

"Also, of equal importance has been the cutting of commercial ore on our north vein series at the lower levels, with the exception of the 2,700 ft. level. Here the crosscut happened to be at the horizon where the vein was displaced by a strike fault.

"During 1930 the mill was gradually brought up to its old capacity of 700 tons per day. In 1931, with some further minor changes and the new coarse crushing plant recently installed, the mill capacity has been brought up to a maximum of 800 tons per day.

"Early in the year now being reviewed, it was decided to replace the old coarse crushing plant. Excavations for this were started in May. This construction was somewhat slow as it was found necessary to build around the old plant without interfering with its continued operation. This was successfully carried out and the new plant was put into operation November 10.

"Due to the increasing scale of operations, together with the probability of carrying them to much greater depths, it was decided to sink a new central shaft. No. 1 shaft, which now services the mine, is over congested, having only one small cageway and would not now handle the increased operations.

"Preliminary work on this shaft was started late in July, soon after the sinking campaign at No. 3 shaft was finished. Several buildings that were too close to the site selected for the shaft were moved and the surface at this point was levelled off. Following the completion of a permanent headframe and installation of a double drum hoist, sinking was commenced and at the end of the year this shaft was 300.5 ft. deep."

GOODYEAR TIRE STARTS OFF '32 STRONGEST YET

(Continued from page 1)

laid in good supplies of raw materials at present very low levels. Accounts receivable have been reduced considerably.

Current liabilities consist only of $178,061 current accounts payable and $242,219 reserve for income taxes.

Miscellaneous stocks and bonds are shown at $143,399 and insurance taxes and rents paid in advance at $50,051.

Mr. Carlisle states that 1931 was "very trying and disappointing." Rubber dropped to 4¾ cents a pound, a decrease of 36.6 per cent from 1930 and 76.1 per cent from 1929. Upland middling cotton on December 31 sold at 6½ cents per pound, a decline of 37.2 per cent from 1930 and 65.5 per cent from 1929. These drastic declines naturally affected the statement. Tires sold direct to car manufacturers were naturally low as cars produced in Canada dropped to 82,621 cars as compared with 154,192 in 1930 and 263,295 in 1929 and cars imported to 8,739 from 23,233 in 1930 while cars exported were only 14,539 as against 45,371 in 1930. These conditions, united with adverse tariffs embargoes, and variation in exchange rates had a decidedly adverse effect on the rubber industry. Total unit tire sales by Canadian tire manufacturers to the export trade dropped from 1,716,403 in 1929 to 1,363,269 in 1930 and further to 726,409 in 1931, to car manufacturers from 1,152,338 in 1929 to 706,099 in 1930 and to 388,865 in 1931 and to the Canadian retail trade from 1.535,978 in 1929 to 1,431.096 in 1930 and rose a little to 1,451,139 in 1931.

Cost of production, Mr. Carlisle says, was materially increased through decrease in volume, increased taxation and the depreciation of the dollar. Material amounts were taken out of the year's profits for the writing down of manufactured goods, raw materials, bonds. The company's merchandise was sold at the lowest prices in the history of the rubber industry.

As to the future Mr. Carlisle said that world conditions are more complicated than they were a year ago. International trade is very much disarranged and there is little stability in the currency of many nations. There was a good deal of political unrest. Purchasing power of both individuals and nations had been materially decreased, prices of nearly all commodities and articles were too low and there was yet much constructive work to be done before stability is reached. He believed Canada to be the soundest nation in the world today with the greatest future. Though it was useless to predict results of 1932 it was encouraging to know the company entered upon the new year with the strongest financial position in its history, a dominant position in the industry and a better product.

In London, England

Our clients visiting England are requested to make use of our London office, located at 108 Old Broad St., E.C. 2, for their banking requirements abroad as well as a forwarding address for mail, and for business information.

THE BANK OF NOVA SCOTIA
Established 1832
Capital, $12,000,000. Reserve, $24,000,000.
Total Assets over $265,000,000

Royal Trust Business Registers Gain for 1931

From Our Own Correspondent

MONTREAL.—Decline in share earnings, advance in estates and trusts managed and securities held for safe custody, a decline in guaranteed accounts and a lowering of assets owned by the company are the features of the 1931 report of the Royal Trust Co.

The past year was a difficult one for trust companies, said Sir Charles Gordon, president, who pointed out that despite lower profits the business of the company continued to increase as evidenced by the value of estates, etc., managed.

Profits are Lower

Profits for the past year totalled $560,833. After deducting taxes, the balance was equivalent to $4.86 a share on the capital stock. In the preceding year profits totalled $621,993 and taxes $71,542, the balance working out at $5.50 a share.

Particulars of the income account for the past two years follow:

	1931 $	1930 $
Net earnings	560,833	621,993
Less: Taxes	74,179	71,542
	486,654	550,451
Less: Divds. & bonus	360,000	300,000
Pension fund	50,000	50,000
Balance	76,654	200,451
Br't. forward	396,319	195,868
Carried forward	472,973	396,319

The changes which have taken place in the company's position during the past year are more clearly apparent from an examination of the balance sheet.

At the end of 1931 assets owned by the company totalled $11,154,418, as against $11,356,487 at the close of the 1930 business year. The principal changes noted include a decline in Dominion and provincial government securities, less reserves, from $3,749,880 to $3,353,443. These figures are not strictly comparable as the latter includes $485,000 of par value lodged with provincial government under charter requirements. The 1930 report showed this asset as a separate item at $445,000.

Municipal and school debenture holdings advanced from $103,854 to $430,749 and stocks from $465,888 to $768,577. Other bonds, debentures and debenture stock holdings declined from $1,832,200 to $1,441,206.

Direct loans by the company, secured by stocks, bonds, etc., were cut about $67,000 to $802,291. Advances to estates and trusts under administration increased from $1,480,824 to $1,655.523.

Bank Debt Reduced

There are only two changes of interest in direct liabilities of the company. The first is a decrease in amount due to the bank from $4,962,819 to $4,627,449. The company's contingent liability in respect to the bond guarantee of the Royal Trust Realty Co. whose outstanding bonds have been reduced from $483,000 to $458,000.

Guaranteed Accounts Off

Guaranteed accounts of the company show a reduction from $11,923,242 to $8,493,123. Nearly all of the items under this classification show a change downward, principal ones being a reduction in loans on bonds and stocks from $4,450,956 to $2,147,900 and cash in bank from $2,681,834 to $1,198,413.

Trust Business Grows

Estates and trusts managed by the company show a healthy increase. At the close of 1931 of such accounts amounted to $421,584,351, up from $374,397,697.

The safe custody account also shows a slight growth, advancing to $134,777,083 from $134,000,015.

Mutual Life Meets Test By Increasing Policies

Profits of Canadian Assurance Company Are Again the Largest In Its History—Value of Life Insurance Contract Does Not Show Shrinkage

Waterloo, Feb. 4.—Mr. R. O. McCulloch, the President of the Company, presided at the 62nd Annual Meeting of the policyholders of The Mutual Life Assurance Company of Canada to-day. He said, in part: "The Company has made substantial growth and satisfactory progress in 1931, although the volume of new business written was less than in the previous year. One of the most important tests of the progress of a life company is the net addition to the assurances in force, and I am glad to say that the net increase of assurances in force at the end of 1931 is substantial and eminently satisfactory in the face of the heavy demand for money by many policyholders and the resultant cancellation of many more policies during the year than usual.

"A year ago I drew attention to the fact that the year 1930 had created a record of low cost of operation, and I am sure it will be welcome news to you to learn that our cost has again been reduced and that in the past year we have set the record of the Company in this respect since its organization. The ratio of expenses to total income dropped over 1% to 12.645%.

"The profits of the year, after making the customary deductions, are again the largest in the Company's history. Your Directors have, however, deemed it advisable to deduct a substantial amount from these profits to provide for possible losses on its investments before carrying forward into surplus account. The Company's reserves and free surplus fund are available for and, I believe, of ample amount to take care of any possible unfavorable contingencies.

"Our death losses have again been well within the expected, and the net rate of interest earned on invested funds is satisfactory, although reflecting a substantial write-off of interest to cover possible loss of interest on farm mortgages.

"All these favorable results are reflected in surplus earnings of $43.41 per $1,000.00 of total assets and are, I am sure, very gratifying to the policyholders. I extend my hearty congratulations to the office staff and field force for this evidence of their industry and efficiency.

"1931 was a year of world-wide depression, which affected all classes of business in every country, and Canada has been no exception, although in comparison with other countries, by reason of her natural resources and economic position, she has been less seriously affected. We have been passing through a very difficult period of readjustment, and we are not yet out of the woods.

"The general economic position of the country has been recently reviewed in many annual addresses, and I shall not attempt to add anything to the exhaustive discussions of this general subject.

"While investment values generally have depreciated materially during the year, there has been no shrinkage in the value of the life insurance contract. As a matter of fact, with falling commodity prices, payments under insurance policies provide a higher purchasing power than a year ago. The past year has shown a marked fluctuation in the prices of high-grade bonds ordinarily looked upon as the most stable form of investment. For the first four or five months of the year prices of bonds were steady and the yield on the highest class of bonds was in the neighborhood of 4½%. Prices shifted somewhat during the summer, the yield growing gradually higher, and since September and October, when financial conditions were greatly changed, there has been a steady drop in the prices of bonds, and the highest classes of securities now yield much larger returns. The situation has been aggravated by the discount on Canadian funds in the United States, which followed the abandonment of the gold standard by Great Britain and by the serious banking conditions in the United States arising from investments in foreign bonds, frozen assets and the withdrawal of funds from deposits.

"Although the mortuary benefits will always be the most important provision of a life insurance contract, the return to popularity of the investment features provided by life policies has been quite marked during the past year. Some years ago, when large profits on investments were sought, there was a marked preference for the type of policy which afforded a maximum of protection with a minimum investment, but the expected reaction has resulted in a demand for security with a reasonable return. For this reason public attention is being increasingly attracted to the institution of life insurance as a safe depository for individual and family savings, owing to the strong feeling of confidence which has been engendered by the stability of life insurance companies generally during the testing period through which we are passing. The necessity of making provision for adverse conditions and circumstances is manifest when the resources of strong nations are strained to the limit to meet demands for old age pensions and unemployment relief. The full measure of protection against all the unfavorable contingencies of life must be encouraged, and this is made available in varied forms through life insurance and is rendered attractive by the favorable return which can be realized on the funds thus invested.

"The securities in which policyholders' funds are invested are now being more closely scrutinized by them and by the public than at any time heretofore, and I believe that the investment policy pursued by this Company since its organization merits the confidence of the most exacting student of safe investment."

Mr. McCulloch pointed out that at the end of 1930 a total of $44,220,138 was invested in bonds. At December 31st, 1931, this investment had increased to $47,060,050, of which 68.1% was invested in government and municipal bonds, 2.9% in railways, 9.6% in public utilities, 10.3% in industrials, 9.1% in parochials and miscellaneous. Of the net increase during the year, $2,079,315 was in government bonds, and $522,327 in bonds and debentures of cities, the total increase in these two classes alone being practicaly 92% of the total net increase. The value at which the securities were taken into the statement is considerably less than the value allowed by the Department of Insurance at Ottawa.

Mortgage investments were increased by $1,585,725 to $43,928,706. Of this total, $34,512,666, or 78.57%, is invested in first mortgages on improved urban properties, and the balance in farm mortgages.

Mr. McCulloch continued: "Owing to the adverse influence of existing agricultural conditions on farm values, it was deemed advisable at this time to revalue all the farm properties in Western Canada in which we are interested through mortgage loan or sale agreement, and during the closing months of the past year this revaluation was completed by our Loan Managers and Inspectors. In the aggregate, these revised valuations approximate 20% less than the valuations at which these properties were formerly held, but still indicate a large margin of value over the amount at which these investments are shown on the Company's books. However, as provision against further depreciation, it was decided to set up additional substantial reserves and it may confidently be expected that the losses which may be sustained on individual farm mortgages will fall well within this provision for such contingencies.

"It would be rash to express an opinion as to when we may emerge from the adverse conditions under which the world is laboring, or as to whether we have definitely passed the worst, but the great resources of this country, coupled with an industrious population which has now recognized its difficulties and is steadily facing them, justifies a confident faith in the future of Canada, and I am optimistic enough to hope that we shall see a general improvement in 1932."

The Board of Directors reported new assurances issued and paid for amounting to $53,193,505, with total assurances in force increased by $20,546,619 to a total of $513,379,937. Total income for the year was $27,530,942, and total disbursements to policyholders and their beneficiaries, $13,161,827. The Company's assets increased over $9,000,000 to a total of $125,848,129. Surplus earnings amounted to $5,463,680.

The retiring members of the Board, Messrs. Hume Cronyn, W. G. Watson, E. G. Long, K.C., Hon. J. Fred Fraser and Hon. J. E. Perrault, K.C., were re-elected.

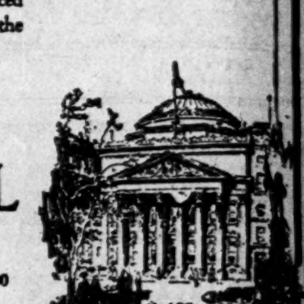
At a meeting of the Board held subsequent to the Annual Meeting, Mr. R. O. McCulloch was re-elected President, Mr. C. M. Bowman, Chairman of the Board, Mr. L. L. Lang, First Vice-President, Hon. S. C. Mewburn, K.C., Second Vice-President.

In addition to the Directors who were re-elected, the following are members of the Board: Mr. L. J. Breithaupt, Kitchener; Mr. Glyn Osler, K.C., Toronto; Mr. T. A. Russell, LL.D., Toronto; Mr. Isaac Pitblado, K.C., LL.D., Winnipeg, and Mr. W. J. Blake Wilson, Vancouver.

A CHAIN of MORE THAN 600 LINKS

More than 600 Branches of the Bank of Montreal in Canada form a chain of banking service from coast to coast.

Each of these Branches is a helpful point of contact between the people of Canada and the Bank of Montreal, a banking institution whose strength and service are placed at the disposal of its customers and the public in any financial matter.



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—is a poor time to think about fire prevention. Consult us now about a sprinkler system. It may save you the expense and disruption of a disastrous fire in your plant. The installation pays for itself.

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IF YOU are especially devoted to individual, yet conservative neckwear you will be intensely interested in the new imports we are showing. They possess an individualism of pattern . . . an individualism of color blending that is typical of finest European craftsmanship. Included in our collection is neckwear from Rudolf Lowe, of Austria . . . L. Hamberger, of Paris . . . Paul Olmer, of Paris . . . Sambrooke - Witting, of London . . . and Welsh Margetson, of London. Priced, each,

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Main Floor, Yonge Street

T. EATON C° LIMITED
TORONTO CANADA

MARITIME TEL. HOLD REVENUES AT 1930 LEVEL

Higher Taxation Causes Deficit After All Charges

From Our Own Correspondent

MONTREAL. — Maritime Telegraph and Telephone Co. reports earnings in 1931 on much the same basis as in 1930, but an increase in taxation was largely instrumental in lowering the net operating income from $507,733, in 1930, to $456,871 in 1931.

After taking care of all prior charges, the balance of net income for 1931 was $250,408. This compared with $314,338 in the preceding year. Dividends paid during the year showed an increase; as a result the 1931 income statement shows a deficit of $69,961, which in turn is reduced to $39,961 by transferring $30,000 from the casualty reserve. The 1930 report showed that the company was able to cover its dividends, but after providing for donations and contributions there was a small deficit of $321.

Details of Income

Particulars of the profit and loss account for the past two years follow:

	1931 $	1930 $
Operating revenue ..	1,863,443	1,887,228
Operating expense ..	1,278,367	1,280,364
Net revenue	585,076	606,864
Less: Bad debts	5,252	14,754
Taxes	133,910	95,764
	446,634	496,346
Add: Misc. income ..	10,237	11,387
	456,871	507,733
Less: Rent	11,973	14,166
Bond interest	140,000	140,000
Other interest	54,489	......
Amort. of disc.	......	10,455
Res. for tax	......	28,774
Net income	250,409	314,338
Less: Dividends	320,370	312,659
Donations	......	2,000
Balance	†69,961	†321
Trans. from reserve..	30,000	......
Net deficit	39,961	321

†Deficit.

Assets of Maritime Telegraph and Telephone at the end of 1931 totalled $10,755,318, as against $10,200,242 at the close of 1930. There was an improvement in the working capital position of the company during the year, the excess of current liabilities over current assets in 1930 of $256,466 being cut down to $114,789.

Reviews Year's Operations

In his comments to the shareholders, O. E. Smith, president, pointed out that the number of telephone stations in use at the end of 1931 was 40,835, as against 40,246 at the end of 1930. During February considerable damage was done to the company's property by a sleet storm and it was necessary to charge $100,000 against the contingency reserve.

Further progress has been made in the installation of the dial system, Halifax now being operated entirely on that basis. Additional dial equipment was installed at Kentville. Buildings were remodelled and enlarged at Sydney, New Glasgow, Liverpool, Amherst and Mulgrave. Some 2,000 miles of copper wire were added to the toll plants and a number of repeaters and carrier systems installed. Additions to switchboards were made at Glace Bay and New Waterford; a new long distance switchboard was installed at Sydney and additions made to long distance switchboard at Halifax.

NATIONAL SYSTEM 1931 NET REVENUE BREAKS SHARPLY

Though Tonnage Off, Operations Were Well Maintained

From Our Own Correspondent

MONTREAL. — Decline in net operating revenue of the Canadian National Railways for 1931 is estimated at approximately $7,585,700, or a drop of $18,925,238 from the $26,510,938 reported in 1930.

Total operating revenue of the system approximated $177,273,700 compared with $221,770,445 in 1930, a decrease of $44,496,745 or 20 per cent. Operating expenses were $169,688,000 as against $195,259,507 for 1930, a decrease of $25,571,507, or 13 per cent.

These figures cover all lines comprising the Canadian National System, with the exception of the line east of Levis and Diamond Junction, which are operated under the provision of the Maritime Freight Rates Act. Final figures will be made available when the annual report of the company is presented to parliament during the course of the present session.

Operations Well Maintained

It is pointed out in an official statement that while revenue from freight traffic decreased by approximately 16 per cent, operations were so arranged that the gross tonnage carried on each freight train operated was maintained and slightly exceeded. Speed was increased and fuel consumption decreased. Loadings of grain and grain products decreased 3½ per cent and the only listed commodity carried by the railway to show an increase during the year was coke. The freight revenue traffic of the railway in 1931 was 39 per cent below that of 1928.

Out of an average total of 122,000 freight cars on the line daily, 92½ per cent were maintained in serviceable condition, which is well up to the ratio which prevailed in normal traffic years.

In passenger traffic revenue there was a decrease of approximately 28 per cent as compared with 1930. The situation necessitated drastic cuts in train service, and passenger train mileage in December, 1931, was 25 per cent less than in the corresponding month of 1930 and 29 per cent less than in December, 1928.

Revenue from express traffic in 1931 was 18 per cent below that of 1930, and revenue from telegraph business, 19½ per cent under the previous year.

Good Market for Fox Pelts

Of the 46,000 silver fox pelts offered at the Canadian Fur Auction sales in Montreal, 85 per cent were quickly sold at prices ranging from $120 downward. American buyers were much in evidence.

Hudson Bay Line Takes Interest Toll

Another Article in Series Outlining Some of the New Ways Canadian Authorities Have Found to Spend Public Money

ITEM SEVEN: THE HUDSON BAY RAILWAY

Last year the first test shipments of grain were carried over the Hudson Bay Railway. Thus was opened up a new short route between Western Canada and Europe. The west finally had a seaport all to itself. Proud "On-to-the-Bay" supporters of the project to link the western plains with Hudson Bay declared that the occasion gave the final answer to those who had long questioned the economics of the scheme.

Shipping grain out of Fort Churchill brought at least a semblance of reality to the fifty-year dream of westerners in the area that can feed the line. There are economists and practical railwaymen who aver that making a business success of the Hudson Bay line will be another fifty-year dream. Conflict with the determined views of the boosters and the knockers of the project will be avoided if in this article we confine ourselves to the main question of how much it has cost to bring the Hudson Bay Railway into being. On one question, there can be no difference of opinion; as the railway has yet to produce anything but the meagrest revenue for the Dominion government and as it can not operate except at a loss for many years yet, it can be regarded as one of the reasons for increasing public debts and rising government expenditures in Canada, and is therefore justifiably subject to inclusion in any series of articles outlining the reasons for the rising level of taxation in Canada.

In his last budget speech, Rt. Hon. R. B. Bennett stated that the investment in the railway and its terminals amounted to $43,880,000 at March 31, 1931. Actually this estimate was rather low.

Is Project of the 1880's

One early attempt to build a railway from Winnipeg to the bay dates back to the '80's. It became involved in Manitoba provincial politics and was, in any event, mainly a land- and contract-grabbing scheme. The Mackenzie-Mann interests tried to revive the project at the turn of the century but while they linked Winnipeg and The Pas by rail they balked at flinging steel into what was then northern wilderness between The Pas and the bay.

Finally in 1908 Sir Wilfrid Laurier, Prime Minister of Canada, took up the project as government policy. It was undecided whether it would run to Fort Churchill or Port Nelson. All the earlier schemes envisioned Fort Churchill as the bay terminus as it was known from the earliest days that Fort Churchill was a better port than Port Nelson. The government's estimates of the total cost were as follows:

Railway from The Pas to Fort Churchill..........	$11,351,520
Railway from The Pas to Port Nelson...........	8,981,800
Terminals, elevators, stations, etc., on either route	7,500,000
Total if Fort Churchill chosen	$18,851,520
Total if Port Nelson chosen	16,481,800

War Interrupted Progress of Work

In 1910 the railway was started with no decision as to the final destination, although the government's preference for the shorter, cheaper line to Port Nelson seemed to be apparent.

There was a brief interruption in the work in 1911, but the government of Sir Robert Borden heeded western pleas and resumed work in 1913. Port Nelson was selected as the terminus and work was started there.

Came the war. (How often the war enters into the history of projects like this!) The railway was 250 miles long; had cost nearly $8,000,000 and was far from finished. War or no war, a vote of $5,500,000 to finish the project was passed at Ottawa. The work went on steadily during the war and the country's investment grew to $20,000,000. But eventually a limit was reached both to the amount of money a debt-burdened country could raise, and to the amount of steel that could be spared from the battlefront. September, 1918, saw the last workman lay down his tools.

King Government Again Resumes Work

In the jubilation of peace the project was forgotten. Ties, rails and bridges rotted or rusted. Other railway investments or guarantees were coming home to roost. The opening of the Panama Canal split western support. There was even a project to lift the rails but this gave the signal for a revival of On-to-the-Bay propaganda and soon the Hudson Bay Railway was a live political issue again. The government of Rt. Hon. Arthur Meighen pledged itself to finish the line. The government of Rt. Hon. Mackenzie King, which succeeded, likewise pledged itself to finish the line and did indeed vote money to complete the project. On the advice of a Senate Committee and of a British expert, Frederick Palmer, the terminus was shifted to Fort Churchill from Port Nelson. Year by year vast sums were voted by Parliament to carry on the work. An aerial patrol surveyed the Hudson Straits to determine their navigability and their report gave comfort to both proponents and antagonists of the route. In 1929 small souvenir bags of wheat were shipped to England on a Hudson's Bay Company boat. Work was pressed on the Fort Churchill terminals and a 2,000,000-bushel grain elevator was started.

The first real test shipment of grain went out last September. Just as this shipment was to be made from Fort Churchill insurance underwriters made it clear that risk rates on the new route would be high. This has started a controversy that is still raging.

Sir Henry Thornton has already announced that regular freight and passenger service will be provided over the line during the season of navigation beginning in June, 1932. Terminal equipment is being completed.

Success or Failure Yet To Be Judged

Some points remain to be decided. Will Canadian grain shippers use the line? Will steamers be available if they want to use it? Will it be economical or safe to use the route? Will there be enough traffic to pay operating costs or interest on the $50,000,000 that will have been invested by the Dominion Government in the route?

The answer to all these questions will have to be written in the future. One cannot rely upon the enthusiasms of "On-to-the-Bay" westerners or prejudiced antagonists of the route for a useful answer. Unfortunately there is not in existence any comprehensive study by a capable, independent engineer that claims financial success for the Hudson Bay line. Whether or not the route would ever pay its way is a phase of the subject deftly avoided by successive governments.

At the present time the Canadian National Railways operates the road but without assuming any responsibility for losses. The service during the winter months is sketchy. Mixed trains are being operated fortnightly from The Pas to Herchimer (412 miles). Fort Churchill is 510 miles from The Pas. There is no stopping off between trains on the Hudson Bay Railway but so far there is no place to stop anyway. The Canadian bank directory lists three banks at Churchill (the "Fort" has now been dropped) but it points out that these branches are closed during the winter months.

Cost Is Now Nearly $50,000,000

Mr. Bennett stated that the investment in the Hudson Bay Railway at March 31, 1931, was $43,880,000. Combining figures from the annual report of the Department of Railways and from a return in the House of Commons we get this set-up:

Railway	$31,084,324
Port Nelson terminals	6,240,201
Churchill terminals	7,289,551
Hudson Strait survey	1,323,810
Radio stations	349,678
	$46,287,564

It will be noted that the two sets of figures do not quite jibe. Apparently the Prime Minister did not include all the items that were included in the return to Parliament. In addition at the last session Parliament voted a further $6,000,000 for the railway and terminal to be spent during the current year.

Much Money Yet To Be Spent

What the railway will finally cost can hardly be determined. The 510 miles of line will require some additional ballasting, etc., equipment will have to be provided; the port work must go on for some years yet. Already the opening up of the route has led to demands for additional capital expenditures in other directions. Winnipeg, for instance, wants a shorter line to The Pas.

There are timber, agricultural, fishery and mineral possibilities on the line, although surveys of these resources are most conflicting. A so-called branch line serves the Flin Flon and Sherritt-Gordon Mines but one may question if the opening up of these mines proves the value of the Hudson Bay route since the branch line is practically a line from The Pas to Flin Flon and Sherridon, and utilizes the main track for only a few miles. Bonds of the branch line — Manitoba Northern Railway — were guaranteed by Manitoba and the company bonused the line to the extent of $250,000 for quick completion.

While final results remain in doubt the country must meet $2,500,000 interest per annum on its investments to date. Every day the country must raise about $1,000 to pay interest on the expenditures on the abandoned Port Nelson terminal.

Distillers-Seagrams Defer Common Dividend

From Our Own Correspondent

MONTREAL.—Directors of Distillers Corp.-Seagrams Ltd. have deferred payment of the usual 25 cent quarterly dividend on the capital stock, payable in February, considering it in the best interest of shareholders to conserve the resources of the company. It is pointed out that uncertain conditions exist in the distilling industry, more particularly in the export market where a price war is rampant.

Though as a result of the price war profits have been reduced, directors report that the company's volume of business has been maintained and that the demand for its products continues at a high level.

Deferment of the dividend was foreshadowed in statements made at the annual meeting when Samuel Bronsman, vice-president of the company, gave a definite hint to shareholders that there might be some change in dividend policy. He referred to the price-cutting in the export market, saying that the company's future earnings were bound to be affected by this reduction in prices.

Earnings of Distillers Corp.-Seagram were equal to $1.51 a share in the year ended July 31, 1931, compared with $2.27 a share in the previous year.

FOREIGN POWER NET CURTAILED FOR PAST YEAR

Preferred Dividend Unearned — Investment Loss Dealt With

From Our Own Correspondent

MONTREAL.—Further depreciation in capital account and earnings is shown in the annual statement of Foreign Power Securities Corp. for the year ended October 31, 1931.

Though revenue from investments did not show any material falling off, profits from investments realized were down nearly 50 per cent. Gross earnings during the fiscal year 1931 totalled $623,906. This compared with $798,088 in the preceding year and with $936,980 in 1929.

Preferred Dividend Unearned

Following its usual custom of taking into revenue account profits from investments realized and allowing for expenses, taxes and interest, the company reports a balance of $296,114 applicable to the capital stock dividends. This compared with $419,209 in the previous year. It was insufficient to take care of dividends on the preferred stock, which amounted to $300,000.

Particulars of the revenue account for the past two years follow:

	1930 $	1931 $
Divds. & int.	556,788	509,615
Profit from secs. sale	241,300	123,291
Gross	798,088	632,906
Less: Expenses	58,531	42,574
Taxes	4,098	804
Net earnings	735,459	590,028
Less: Interest	300,000	293,913
Bond discount	16,250	......
Net profit	419,209	296,115
Less: Pref. divds. ...	300,000	300,000
Common divds. ...	125,000	......
Balance	†5,791	†3,885
Add: Prev. bal.	563,435	507,644
Prov. inc. tax	50,000	26,000
	507,644	477,759
Trans. frim cap. acct.	507,644	1,160,000
	507,644	1,637,759
Loss on invest.	......	529,184
Carried forward	507,644	1,108,575

The balance sheet of Foreign Power Securities as at October 31, last, showed total assets of $12,341,592, as against $13,419,044 on the same date of the preceding year.

Investments are carried on the balance sheet at cost, aggregating $11,436,346. The previous report showed investments at $11,598,?42. On the basis of quoted market prices and including $2,752,636 cost value of unquoted foreign securities, investments at October 31, 1931, in Canadian currency at exchange rates on that date, had a value of $8,707,932. The value of securities held, on the same basis, on the same date in 1930 totalled $11,913,020.

Cash is Less

Cash and call loans have shown a reduction from $1,280,367 in 1930 to $599,905 in 1931. There was a write-off of approximately $90,000 on discount on bonds, which item now stands on the balance sheet at $203,902. An item of bills receivable totalling $166,271, which appeared in the 1930 balance sheet, has been eliminated.

Reduce Funded Debt

There has been an improvement in the funded debt position of the company, $500,000 of the first collateral trust bonds having been retired during the year, leaving amount of this issue outstanding at $4,500,000. Preferred stock outstanding remains unchanged at $5,000,000.

During the year shareholders authorized the segregating of the capital and surplus. The common stock, of which 125,000 shares are outstanding, has been given a value of $12 a share of $1,500,000. The balance of the capital account, amounting to $1,160,000, was set aside as an ordinary surplus. After deduction of the deficit for the year, this item now stands at $1,108,575.

The remarks to the shareholders of A. J. Nesbitt, president, were largely a review of the hydro-electric situation in France. The majority of Foreign Power Securities' investments are in French public utility securities, principal of which are those of L'Energie Industrielle.

LANDED BANKING EARNS $9.22 SHARE ON COMMON STOCK

Liquid Position of Company Well Maintained —Deposits Down

By dropping dividend rate from 10 per cent to 8 per cent on each share of common stock, The Landed Banking & Loan Co., Hamilton, Ont., was able to show a surplus of $12,202 at the end of 1931 on the year's operations as compared with a deficit of $8,365 after dividends paid on 1930 operations. Actual net profits in 1931 were $101,053 as compared with $103,222 in 1930, distribution in each year being as follows:

INCOME AND SURPLUS ACCOUNT
Years Ended Dec. 31

	1931 $	1930 $
Net profits*	101,053	103,222
Less: Res. for taxes	8,851	11,587
	92,202	91,635
Less: Dividends	80,000	100,000
Surplus for year	12,202	†8,365
Add: Prev. surplus	12,733	21,099
Less: Trans. to cont. res.	10,000	......
Balance carried forward	14,935	12,734

†Deficit.
*After deducting interest, expenses and charges, and making provision for possible losses and contingencies.

Earnings per Share and Dividend Record:

Earned	$9.22	$9.16
Paid	8.00	10.00

Total assets of the company sagged slightly in 1931 from $4,295,680 to $4,250,170 of which $3,503,771 represents principal and accrued interest on mortgages held. Real estate held for sale is shown at $146,471 and the head office premises at $84,000 although it is stated that in 1931 independent appraisers valued it at $286,000. Cash held was $40,388 in addition to $475,540 in government, municipal and other bonds as well as loans on the company and other stocks, valued as at December 31, 1931.

Liabilities to the public amount to $2,189,699, including savings deposits of $1,454,027, currency debentures of $652,785, sterling debentures of $68,328, accrued interest on debentures of $8,940, and unpaid accounts and tax provision of $5,619. This shows deposits down about $100,000, currency debentures up about $93,000 and sterling debentures down about $14,000.

Capital account shows few changes. Capital stock still is unchanged at $1,000,000 and reserve at $1,000,000. The contingency reserve has dropped from $38,734 to $25,536 and the balance carried forward has increased from $12,734 to $14,936, which is present surplus.

New Vice-President

LEIGHTON McCARTHY, K.C.

President of Canada Life Assurance Co., who has been elected vice-president of the National Trust Co.

CANADIAN AIRWAYS OPEN IN TORONTO

W. A. Scott in Charge of Office in Bank of Commerce Bldg.

Canadian Airways Ltd., in anticipation of an expanding mining business in Canada have appointed W. Alan Scott as special representative for Ontario with offices in the Canadian Bank of Commerce Building, Toronto, for the purpose of promoting and arranging aerial transportation anywhere in Canada.

W. A. Scott

Canadian Airways, Ltd., which came into existence as a merger of Aviation Corp. of Canada and Western Canada Airways, operates extensive passenger and mail services in all parts of the Dominion. The company has air bases throughout Canada, and recently added to their fleet of machines the huge all-metal Junkers monoplane recently demonstrated in Toronto.

Montreal Power Executive Changes

From Our Own Correspondent

MONTREAL.—Following a meeting of the Board of Directors, held subsequent to the annual general meeting, Montreal Light Heat & Power Cons. announced the following executive appointments: C. S. Bagg, general manager of the company since early in 1929, to be vice-president; W. H. Spencer, who has been acting as assistant secretary for some time, during which period he supervised accident prevention work, will now specialize in safety engineering; C. C. Parkes to be assistant secretary.

Ship Fertilizer to China

The first shipment to China of fertilizer — sulphate of ammonia — from a large smelting plant at Kootenay, British Columbia, went forward recently from Vancouver. Shipments from this plant have also been sent to the Dutch East Indies and Hawaii.

Thoroughly Experienced

in undertaking the care and management of the property of clients and their families.

Crown Trust Company

WILLIAM I. GEAR - - - President
ARTHUR LYMAN - - - Vice-President
F. G. DANIELS - - - Vice-President
IRVING P. REXFORD - Gen. Manager

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LARGE OR SMALL
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THE TORONTO IRON WORKS LTD.
HEAD OFFICE: TORONTO
ROYAL BANK BLDG. EASTERN AVENUE
MONTREAL: NEW BIRKS BUILDING

— Announcement —

REO MOTOR COMPANY
OF CANADA LIMITED
BECOMES A DIVISION OF
DOMINION MOTORS LIMITED

THE REO MOTOR COMPANY, OF CANADA, LIMITED, becomes a Division of DOMINION MOTORS LIMITED.

Reo has operated in Canada under a charter granted in 1904, making this company a real pioneer in the automobile industry in the Dominion.

Reo has always recognized the importance of building in Canada for the Canadian market and therefore, with the confidence in the future of Canada and the British Empire that comes from being a native-born Canadian, Mr. R. H. Scott, President of the Reo Motor Car Company, of Lansing, Mich., negotiated with Mr. Roy D. Kerby, President of Dominion Motors Limited, to have the complete line of Reo motor vehicles built by an all-Canadian company, Dominion Motors Limited, in their fine, modern plant at Toronto (Leaside).

Dominion Motors Limited is an outstanding Canadian industrial organization for several reasons:—

(1) It is an all-Canadian company, owned, controlled and directed by Canadians.
(2) It has a thoroughly modern plant with the finest of machinery and equipment.
(3) It has been building and selling motor cars and trucks in Canada successfully, for over ten years.
(4) It recently introduced the "Frontenac Six," a Canadian car for Canadians.
(5) Its financial stability is recognized throughout the business world.

Reo proudly announces its association with Dominion Motors Limited.

Dominion Motors Limited is equally proud of this new association because of the sincere regard of the Canadian public for Reo products, and because of Reo's well-known reputation for honest dealing.

Dominion Motors Limited will immediately commence to build the complete line of Reo motor vehicles, the ultra-modern Reo Royale, the sensational Reo Flying Cloud and the famous Reo Speed-Wagon.

Reo products will be sold and serviced throughout Canada by a subsidiary company of Dominion Motors Limited, namely Reo Motor Company of Canada, Limited.

Dominion Motors Limited, an all-Canadian company, materially extends its operations by this association with Reo.

REO MOTOR COMPANY
OF CANADA LIMITED
A DIVISION OF
DOMINION MOTORS LIMITED
TORONTO (Leaside) CANADA

THESE FACTS POINT TO A SOUND INVESTMENT

A Company engaged in the nation-wide distribution of an essential commodity, demand for which is constantly growing;

Earnings equal to over three times bond interest requirements;

Its 1931 business substantially ahead of the previous year;

. . . And its bonds now selling at a price to yield 7.45%.

Full particulars regarding this investment opportunity sent on request.

NESBITT, THOMSON and Company Limited

Royal Bank Building, Toronto

Montreal Quebec Ottawa Hamilton London, Ont. Winnipeg Saskatoon Calgary Victoria Vancouver

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Utilities and Transportation

TIP TOP TAILORS PREF. DIVIDEND IS WELL EARNED

Made 9.3 Cents on Common After Increase in Depreciation

The annual statement of Tip Top Tailors Ltd. for the year ended January 2, 1932, reflects decrease in business and profits during 1931 with profit from operations at $229,748 before all charges as compared with $337,480 in the previous year. Depreciation reserve was substantially increased and current position was materially strengthened with ratio of current assets to current liabilities up to 7.5 to 1 from 3 to 1 shown last year. During the past year important economies were effected and with the same volume of business in 1932 it is expected that results will be improved.

The company earned $7.90 per share on the 13,417 shares of $100 par value preferred stock outstanding as compared with $18.38 in 1930 and after payment of preferred dividends showed 9.3 cents per share earned on the 122,500 shares of common stock as against $1.11 the previous year. Had the same depreciation been taken in 1931 as in 1930 the preferred shares would have earned $11.65 and the common shares 50 cents.

Reserve Increased

While profit from operations dropped, the net income of the company from other sources increased to $33,240 from $30,459. Depreciation reserve was increased by $147,865 as compared with $97,598 in 1930 but reserve for income tax was smaller. The amount reserved against investments to reduce market value was $44,817 as compared with $36,615 the previous year while no special appropriation was made to reduce inventory. Details of the income and surplus accounts for the past two years are as follows:

INCOME AND SURPLUS ACCOUNT
Years Ended

	Jan. 2 1932 $	Jan. 3 1931 $
Net earn. from oper.	229,748	337,480
Less: Deprec.	147,865	97,598
Income tax reserve	9,000	21,300
Net profit from oper.	72,883	218,582
Add: Other income	33,240	30,459
Total net profit	106,123	249,041
Less: Pfd. divds.	94,636	96,481
Organiz. exp. w/o	....	17,034
Surplus for year	11,486	135,526
Add: Prev. surplus	1,115,572	1,025,557
Less: Invest. reserve	44,817	35,615
Special appropriation to reduce invent.	....	9,896
Surplus forward	1,082,242	1,115,572

Current assets total $1,213,542 against $1,469,658 the previous year due chiefly in reduction of inventories to $752,367 from $997,055. Cash has increased to $87,338 from $40,962; investments at market value are down to $115,073 from $171,337; cash surrender value of life insurance is up to $98,746 from $86,534 and accounts and bills receivable are lower at $121,505, after reserve. Mortgages receivable, classed as a current asset, are down to $15,750 from $21,000 and accounts with employees and directors are up to $22,763 from $8,288.

Reduce Loans

Current liabilities have been reduced to $161,110 from $484,421 in 1930 when the company had $250,000 in loans outstanding. Present bank loan, secured, amounts to $120,250 and has not been paid off since it is due in United States funds. Accounts and bills payable stand at $31,860 against $211,193 the previous year. Reserve for Dominion income tax of $9,000 completes current liabilities.

Jamaica Pub. Service Revenue Slightly Lower

From Our Own Correspondent

MONTREAL. — Gross earnings of Jamaica Public Service, Ltd., in 1931 showed a decline of 0.51 per cent at $829,598. The decline in net on a percentage basis was slightly larger and surplus after charges was $227,338 compared with $243,443 in 1930, a drop of 6.6 per cent.

The reduction in revenue is stated to have been due largely to the unprecedented rainfall experienced on the island of Jamaica in the latter half of the year. Since the company derives a certain portion of income from power sold for irrigation activities the plentitude of rain naturally curtailed demand for pumping and revenue suffered accordingly.

Other factors were favorable considering business conditions. The decline in tramway revenue has shown diminution and further progress by this utility is anticipated in the future. Competition from buses was regulated by an order-in-council passed last year; it was from bus operations that tramways activity suffered in the past.

CANADIAN PACIFIC WAIVE INTEREST LAND CONTRACTS

Holders of Secured Note Certificates Are Protected

From Our Own Correspondent

MONTREAL. — Purchasers of land in Western Canada under contract from the Canadian Pacific Railway will not have to pay interest charges for 1931, nor for 1932 under certain conditions, according to an announcement made by E. W. Beatty, K.C., president and chairman of the company, following a meeting of the board of directors.

For several years past farm lands of the Canadian Pacific have been sold on a 7 per cent amortization basis. The actual interest paid by the purchaser, however, is 6 per cent, which with the payment of principal, brings the annual amount due up to 7 per cent of the purchase price. The company has been liberal in extending credit, contracts of recent years being extended over a period of as much as 34 years.

Bearing on Certificates

This action has a bearing upon the holders of the 20 year 4½ per cent secured note certificates. These certificates were issued toward the end of 1924 to an amount of $30,000,000. Security for the issue was the deferred payments on lands sold in Western Canada prior to December 1, 1924. At that time such deferred payments amounted to $66,000,000.

Under the trust deed the Canadian Pacific covenants to pay to the trustee all principal and interest received on such contracts, less amount paid for taxes and other expenses to protect the security. In addition the company guarantees at present that the annual amount available for the purchase of note certificates will be at least $300,000.

At the end of 1930 there were outstanding $22,289,069 of these certificates, the interest on which would amount to $1,002,995. In addition there would be required $300,000 for the sinking fund, making in all $1,302,995.

With the waiving of 1931 interest on land contracts, the position of these certificates would be weakened, but the Financial Post is informed that the obligation will be taken care of by the company out of general revenue.

QUEBEC PROPOSES MUNICIPAL BOARD

Will Look After Those Faced With Financial Difficulties

From Our Own Correspondent

MONTREAL.—Quebec proposes the establishment of a Municipal Commission of two members to take control over municipal and school corporations which enter troubled financial waters.

The Bill providing for the formation of this Commission, which was sponsored by Premier Taschereau, gives sweeping power to its members. It provides that the Commission will have and exercise all the powers conferred upon a Commissioner appointed under the Public Inquiry Commission Act.

The Act provides that every loan contracted by a municipality must, in order to bind such a municipality, be approved by the Commission.

Drummond Street Realty Bondholders Approve

From Our Own Correspondent

MONTREAL. — Bondholders of Drummond Street Realty Corp., owning the La Salle Hotel, have approved postponement of interest on the company's refunding mortgage bonds until February 1, 1934, and suspension of sinking fund payments until November 1, 1934.

The meeting was originally called for January 22 but a quorum was not secured. The meeting was then postponed until February 11 when the bondholders gave their approval to the company's plans.

John Leslie on Board Mount Royal Hotel Co.

From Our Own Correspondent

MONTREAL.—John Leslie, vice-president and secretary of the Canadian Pacific Railway, has been elected to the directorate of the Mount Royal Hotel Co., representing the only change in the board for the current year. The executive committee, comprising J. A. Raymond, Ernest R. Decary, and Ward C. Pitfield remains unchanged.

McColl-Frontenac Oil Make Executive Change

From Our Own Correspondent

MONTREAL.—McColl-Frontenac Oil Co. announce the appointment of J. M. Pritchard as vice-president and sales manager. Mr. Pritchard has been vice-president of the company since its formation and has had charge of sales in the Eastern and Maritime divisions. He will now have charge of all the company's sales.

ALGOMA CENTRAL TERMINAL BOND HOLDERS TO MEET

Will Consider Proposal to Defer Interest on Bonds

From Our Own Correspondent

MONTREAL.—Holders of the 5 per cent first mortgage debenture stock and bonds of Algoma Central Terminals will meet in London on February 22 next for the purpose of considering the resolution of permitting the company to defer the payment of interest.

It is proposed to postpone the interest payable on the debenture bonds on December 31, 1931, and June 30, 1932, until December 31, 1932, or on such later date, not to extend beyond December 31, 1933, as may from time to time be fixed by a bondholders committee. The postponement is contingent upon agreement that the interest though postponed shall itself carry interest at the rate of 5 per cent until all arrears have been paid.

Appoint New Committee

Another resolution to be passed upon by the special meeting will be the appointment of a committee to represent the debenture stock and bondholders. The personnel of this board is to be made up of Sir Alexander Forbes Proctor Rogers, James Cornelius Dalton, Croxton Buckley Smith-Bingham and Andrew Williamson.

Causes leading up to the passing of interest on these bonds, of which there are £615,540 outstanding, are outlined to the holders in a circular letter signed by R. Home Smith, president of the company. He points out that the payment last August of an amount of £287,252 to the Terminal bondholders pursuant to the scheme of arrangement in conjunction with other cash payments, reduced the Railway and Terminal company's cash resources to about £60,000. An additional £30,000 would now be deducted were the company compelled to meet its interest payments presently due on these bonds. That would deplete the company's working capital to such a degree, he summarizes, as would be inimical to its best interest, particularly in view of the extremely difficult conditions with which Canadian railways have to contend at the present time.

The only alternative to the suggested postponement of interest, according to R. Home Smith, would be to force a receivership, with all the delays in cost which such would involve. He further says that the bondholders committee have considered the situation and are of the opinion that the holders of Terminal securities would be well advised to consent to the present proposal.

In discussing earnings of the Terminal company, Mr. Smith stated that for the 11 months ended November, 1931, the Railway made an operating profit of $158,500, sufficient of itself to cover the interest on the Terminal securities. For the same period, during 1931, the corresponding result was an operating loss of $28,300.

EASTERN TRUST CO. ASSETS ARE HIGHER EARNINGS LOWER

Total Under Administration $48,196,365—Payments Satisfactory

The Eastern Trust Co., Halifax, N.S., reports profits for 1931 of $150,310 as compared with $151,041 in 1930 after deducting in both years charges of management and other expenses. Distribution of this amount was made as follows:

PROFIT AND LOSS ACCOUNT
Year End. Dec. 31

	1931 $	1930 $
Profits*	150,310	151,041
Less: Prov. of N. Scotia	200	200
Reserve for taxes	18,000	16,000
Directors' fees	10,600	9,270
Assets writ. down	36,475	16,182
W/o furniture	642	1,754
W/o premises	......	20,000
	84,393	87,185
Dividends	80,000	80,000
Surplus for year	4,393	7,185
Prev. surplus	17,282	10,096
Bal. carr. forward	21,675	17,282
Earnings per Share and Dividend Record:		
Earned	$8.43	$8.71
Paid	8.00	8.00

*After deducting charges of management and other expenses.

Earnings Record

Year	Paid-up Capital	Profits	Earnings %	Div. Rate
1922	$1,000,000	$93,994	9.3	10
1923	1,000,000	92,879	9.2	10
1924	1,000,000	100,856	10.9	10
1925	1,000,000	91,699	9.1	8½
1926	1,000,000	79,532	7.9	8
1927	1,000,000	80,661	8.0	8
1928	1,000,000	81,083	8.1	8
1929	1,000,000	111,554	11.1	8
1930	1,000,000	87,185	8.7	8
1931	1,000,000	84,393	8.4	8

Assets Administered Increase

W. A. Black, president, states that the company enjoyed a good volume of new business in 1931. Owing to the prevailing financial conditions an amount of $1,426,024 loaned on call by the company as agent, was withdrawn and the loan paid off, but this amount—together with the numerous estates which were closed—was more than offset by new trust business. The total assets under administration increased by $888-799 to $48,318,407 in 1931.

Among the assets capital account stands at $1,269,704 against capital account of $1,000,000, reserve fund of $200,000, profit and loss account of $21,675, reserve against taxes of $28,029 and a dividend of $20,000 which has now been paid.

Deposits for investment, guaranteed, total $2,852,338, and estates, trusts and agency account stands at $44,196,365, an increase in the year of about $1,000,000. The largest items in the latter account are stocks and bonds at $33,559,114, mortgages at $5,569,024, and real estate, mortgages and stocks at inventory values of $4,362,166. Cash, call loans and savings bank deposits exceed $705,000 in addition to cash of $127,315 held in capital account and cash of $62,868 in guaranteed deposits for investment account.

Montreal Power's Investments Hold

From Our Own Correspondent

MONTREAL.—Investments of Montreal Light, Heat and Power Cons. have not shown any abnormal shrinkage, on the contrary the loss is comparatively small and has been provided for amply by reserves, according to a statement made by Sir Herbert Holt, president, at the annual meeting of the shareholders.

At the present time Montreal Power has 28,973 shareholders with an average holding of 165 shares, an increase of 6,554 shareholders for the year. Of the total stock issued, 79 per cent is held by individuals resident in Montreal and Quebec, the balance mostly by residents of other parts of Canada. Banks and trust companies hold 7.8 per cent and brokers 6.6 per cent.

TWIN CITY CUTS OPERATING COST CASH STRONGER

Earnings Drop to 52 Cents Per Share of Common Stock

Gross earnings of Twin City Rapid Transit Co., affected by decrease in traffic, dropped to $10,631,121 in 1931, as compared with $12,324,322 in 1930, but economies effected in operation made possible a reduction in operating expenses to $8,410,097 from $9,195,298 shown in 1930, while taxes assignable to operation dropped to $721,853 from $875,167. After payment of fixed charges, earnings amounted to $10.82 per share on the 30,000 shares of preferred stock outstanding as compared with $36.29 per share in 1930. After payment of preferred dividends common shares earned 52 cents in contrast with $3.99 earned in 1930.

The company has been able to reduce operating costs through lower employment expenses and taxes; use of one-man cars and improved power generation. Average schedule speed has been increased to 10.88 miles per hour and costs per mile have been reduced to 24.9 cents, excluding depreciation. While general business conditions continue as at present, however, it is not expected that earnings will increase and no common dividends will be paid although preferred dividends have been continued at the rate of 7 per cent per year.

Details of the consolidated income and surplus account of the company for 1931 and 1930 are given below. During 1931, the company continued its depreciation policy and $1,211,876 was charged to operating expenses for the year.

CONS. INCOME AND SURPLUS ACCT.
Years Ended Dec. 31

	1931 $	1930 $
Gross oper. inc.	10,631,120	12,324,322
Less: Oper. exp.	9,131,949	10,070,465
Net oper. inc.	1,499,171	2,253,857
Add: Other inc.	138,024	138,465
Total net earn.	1,637,195	2,392,322
Less: Rent, leased rds.	3,804	3,804
Funded debt int.	1,185,279	1,208,415
Div. notes int.	43,460	10,542
Misc. debits	9,522	9,806
Bonds amort.	70,630	70,969
Net profit	324,500	1,088,786
Less: Pref. divs.	210,000	210,000
Com. divs.	....	880,000
Surplus for year	114,500	*1,214
Add: Prev. surp.	1,713,964	1,713,821
Adjustment	....	1,358
Other profit†	67,672	....
Less adjustment	24,995	....
Balance forward	1,871,141	1,713,965

*Deficit.
†On com. bonds reacquired.

The consolidated balance sheet of the company at December 31, 1931, shows material improvement in current assets which are up to $2,722,585 from $1,325,677 in 1930, with cash at $1,849,771 as compared with $402,282 in the previous year and materials and supplies down to $706,210 from $814,784. Loans and notes receivable total $23,038; interest and dividends receivable amount to $57,612 and miscellaneous accounts receivable to $85,954. Current liabilities have been reduced to $1,009,224 from $1,493,036, due mainly to elimination of dividends payable under trust indenture which amounted to $440,000 in 1930. Tax liability is down to $647,600 from $811,384, while audited accounts and wages payable are up to $166,353 from $47,210.

Railway Earnings

Canadian National Railway
(Including Central Vermont Lines, but excluding Eastern Lines)

	1931 $	1930 $	Decrease $
Dec.:			
Gr. rev.	13,411,126	14,727,244	1,316,118
Op. exp.	13,317,426	13,994,369	676,493
Net rev.	93,700	732,875	639,943
12 Mos. end. Dec. 31:			
Gr. rev.	177,273,700	221,770,445	44,496,745
Op. exp.	169,688,000	195,259,507	25,571,507
Net rev.	7,585,700	26,510,938	18,925,238

Named Vice-President

C. S. BAGG

Formerly general manager, who has been appointed vice-president of Montreal Light, Heat and Power Consold.

'PEG ELECTRIC GETS HEARING OFFER TO SELL

(Continued from page 1)

way, except the portion thereof in Kildonan, $11,804,406; electrical distribution system, $8,750,933; gas system, $4,387,693; grand total, $24,943,032.

Better Agreement is Needed

It is pointed out that these are all depreciated values at the present time and that if reproduction cost had been used the total would have been increased to $31,722,548.

Whether the city council committee will receive this offer favorably or not is a matter of pure conjecture. It will probably be two or three months before any definite decision is reached. Even if the answer is favorable it is doubtful if Winnipeg ratepayers would countenance such a purchase in view of the stringency of present financial conditions. At any rate if the offer is not accepted the company is strongly of the belief that a new and more favorable agreement for the operation of the street railway system must be forthcoming either by way of lighter taxes or some special financial consideration, in order that this important utility continue to operate.

The civic transportation committee has requested authority from the city council to proceed with study and investigation of the proposal submitted to them by Edward Anderson, K.C., president of the company, and A. J. Nesbitt, president of Power Corp of Canada. It it not contemplated that the city should acquire the power developments on the Winnipeg River operated by these companies. Sale of power from the plants there to the city on an agreed basis would be an essential part of the transaction contemplated.

Too Much Competition

It is not the difficulties of the street railway system which have brought about a changed attitude in civic circles toward the proposal, for there is very little desire, except on the part of extreme advocates of public ownership that the city should operate the street railway. But a state of competition in the distribution of electric power has developed, following upon the recent completion of the new production plant controlled by the company through the Northwestern Power Company, at Seven Sisters Falls, and of the new city plant at Slave Falls, both on the Winnipeg River, which has been giving the city officials a great deal of concern. Although in earlier years there had been competition to induce customers to switch from one service to another, the essentially unproductive nature of such competition was finally recognized, and not only were such changes not sought, but they were even discouraged. It was possible to carry on under such understandings so long as neither utility had any great surplus of power. But the completion of the new plants, at a time when depression was reducing the demand for power, entirely changed the picture. Large industrial and commercial users, whose rates are not a matter of standard tariffs, but of special agreement, have taken advantage of the situation when the time came to renew power contracts, and have secured very substantial reductions, either by changing from one service to the other, or by threatening to do so. The loss of revenue that has already taken place is sufficiently serious, but that which threatens to occur if competition on the same basis is long continued is much more so.

As a result the view is taking shape that it is necessary for the electrical distribution systems in Winnipeg to be consolidated. It is quite probable that a sale of the Winnipeg Electric Company's distribution system to the city could be negotiated without a great deal of difficulty, provided payment were taken in city bonds, but the company have made it plain that they will not sell that system unless at the same time the street railway and the gas utility are bought.

May be Agreement

Even if sale cannot be completed, it is not unlikely that out of present discussions there will arise some completely new agreement between the city and the company, covering both the operation of the railway and of the distribution of power. For example, some minds are already exploring the possibility of the city granting the company relief from taxation and paving charges in connection with the street railway, in return for an agreement under which power rates would be regulated to prevent competitive cutting.

Railway Wage Cut Agreement is Reached

From Our Own Correspondent

MONTREAL.—Conditional consent to reduction in pay has been agreed upon by locomotive engineers, firemen, trainmen, conductors and telegraphers on the Canadian Pacific Railway and Canadian National Railways and associated lines in Canada.

Some 30,000 men are affected by the wage cut of ten per cent. Originally, it had been planned to make the reduction retroactive to November 15, but the men opposed this move. It is understood that the cut will now date from January 1 or February 1 for a period of one year, when the cut will automatically be lifted, unless other arrangements are made.

Since the ten per cent reduction in pay advocated by the Board of Conciliation has been in effect since November 15, it is understood that the companies will have to make a refund for the period covering the first cut and the new one. The companies will save about $125,000 a month as a result of the new agreement.

Can. Power and Paper Investments Report Shortly

From Our Own Correspondent

MONTREAL.—Reasons for deferring the dividend on the 5 per cent. cumulative preferred shares of Canadian Power and Paper Investments are set forth for the holders in a circular letter. It says that the passing of the dividend was due to the following reasons: (1) reduction in dividends and interest on some of the securities held by the company; (2) the payment of the premium on New York exchange covering interest payments on the debentures of the company; (3) the necessity of reducing bank loans.

The letter further states that the annual report should be ready toward the end of the month.

SCOTIA POWER PLANS TO ISSUE $221,000 BONDS

Commission Frowns on Proposal to Merge Properties

From Our Own Correspondent

MONTREAL.—Nova Scotia Light and Power Co. proposes seeking permission from the Nova Scotia Public Utilities Commission for authority to float a bond issue for only one-tenth of the amount set down in the original application. On August 28 last, the company sought approval of a bond issue for $2,400,000 but because of the commission's opposition to the proposal to merge Nova Scotia Light with Avon River Power Co. and subsidiaries, counsel for the company stated that it would not be necessary to apply for the larger amount.

In making the original application last fall it was stated that it was proposed to issue $2,400,000 of bonds and $800,000 of preferred stock. The proceeds of sale of these securities were to be used for the acquisition of Avon River Power and subsidiaries and also for the purpose of effecting improvements in different departments, the total expenditure being estimated at $3,247,000.

Reason For Issue

In applying for approval of the present bond issue amounting to $221,276, J. B. Hayes, manager of the company, stated that the original amount of $305,500 which had been set aside to take care of the Halifax end of the original application has been found excessive. The amended request covers an over-expenditure of $88,476 during 1931, and an estimated expenditure of $132,800 for 1932.

The expenditures for 1932 were shown under three heads: railway department, light and power department, and the gas department. In the railway division there is a net increase of $79,100, in the light and power an increase of $22,000 and in the gas department an increase of $31,700.

In reply to questions put by the commission, Mr. Hayes stated that in the electric department last year there had been an increase in the number of domestic users but there had been a decrease in power consumed. Expenditure for 1932 was very low, he said, when it was considered that in 1930 the expense was $366,000 and in 1931, $251,000.

Present-Issued Capital

At present Nova Scotia Light and Power has an outstanding capitalization of $4,310,500 of bonds; $1,250,000 of preferred stock; and 34,523 shares of no par value common stock. All of the funded debt authorized has been issued. There still remains unissued $3,750,000 of preferred stock and roughly 16,500 common shares.

The last financing undertaken by Nova Scotia Light and Power was in October, 1930, when $845,500 of first mortgage bonds were offered on a yield basis of 5.25 per cent. At the same time $500,000 of the cumulative preference stock was offered to shareholders and customers. The shareholders receiving rights on the basis of one new share for every eight held, subscription price being 97.

Merger Is Opposed

From Our Own Correspondent

MONTREAL.—Proposed merger of the Nova Scotia Light and Power Co. with the Avon River Power Co. and subsidiary companies, is definitely opposed in a decision handed down by the Nova Scotia Board of Public Utilities.

In support of the merger it was claimed that certain economies of the company which would result could be effected in the operations in improving conditions for consumers and might ultimately result in a lowering of the rates; and that the merger would give greater ability and facility to finance in order to properly maintain the service and provide for necessary expansion.

Six Companies Involved

It was proposed to merge with Nova Scotia Light and Power, the Avon River Power Co., Chester Light and Power Co., Dartmouth Gas, Electric Light, Heating and Power Co., Edison Light and Power Co. and the Sackville River Electric Co.

In handing down its decision, the commission said it was not impressed with the evidence as to the proposed economies and that it was of the opinion that practically all of them could be made without the merger taking place, and that they could not afford any substantial argument in favor of the merger.

Shawinigan Power Gets Two Industries

From Our Own Correspondent

MONTREAL.—Two new industries have been secured for the Shawinigan Water and Power Co. territory. At Ste. Therese the Zonite Products Corp. has opened a Canadian branch factory, while at Louiseville, the Ultra Chemical Co. has started manufacturing materials formerly imported into Canada. Occupying its own modernly constructed building, this latter organization is an associated company of the Ultra Chemical Co. at Hawthorne, New Jersey.

Ultra Chemicals at the Louiseville plant, manufacture chemicals for the textile trade—silks, cottons and rayons, and products formerly imported from the United States and other foreign countries, which have not heretofore been made in the Dominion. The products include finishing oils, soaps, throwing oils, printing gums, etc.

Dominion Gas Make Change in Directorate

From Our Own Correspondent

MONTREAL.—Frank T. Hulswit, president of the American Commonwealth Power Corp., David A. Belden, vice-president, and Albert Vermeer, secretary, have resigned as directors of the Dominion Gas and Electric Co., Canadian utility subsidiary of American Commonwealth, formed to take over the Canadian properties of International Utilities Corp. It is expected that the vacancies will be filled by H. W. Briggs, Herbert L. Nichols, Ralph P. Buell, and E. A. Harden. Messrs. Briggs and Nichols are two of the receivers of the American Commonwealth Power Corp.

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Denominations: $1,000, $500 and odd amounts

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News of Investment Markets

TORONTO ISSUE STILL IN DOUBT; DEALERS CONFER

City Expected to Ask for $15,000,000 in Near Future

Pending the offering of the coming Toronto bond issue, high-grade bonds have shown but little movement, although the Ontario 5½'s of 1947 offered on January 25 at 96 have shown further strength and are quoted at 97¾ to 98 on the street. No factors have developed in the general situation that would indicate any immediate strengthening of municipal bond prices or would tend to postpone municipal financing in hopes of securing a lower cost for new money.

Toronto needs some $15,000,000 as previously stated in The Financial Post, but the city's financing has been deferred from week to week. Technicalities are given as one reason for delay, while other rumors suggest that the city is unwilling to undertake financing on the same basis as Ontario. With Ontario's selling on a 5.7 per cent yield basis, it would seem probable that the Toronto offering would be on a yield basis of around 5.9 per cent.

Confer on Toronto's

At a conference between Toronto officials and representatives of some 13 bond houses held on February 9, a general discussion was held on the proposed financing, but no conclusions were reached as to maturity, coupon rate and offering price. Street opinion would suggest a serial issue, although dealers would secure a better sale if the city was to temporarily discontinue its policy of issuing only serial installment issues and put out straight term bonds with possibly one short and one long maturity. The proposed financing may take place within the next week or ten days, it is felt. The offering will be made by a large group including leading banks and investment houses in Toronto.

JONES BROS. HAD DEFICIT IN 1931

Bank Loan Increased to $155,703; Bond Interest Not Earned

Jones Bros. of Canada, Ltd., shows a loss of $9,508 before bond interest and depreciation for the fiscal period ended November 30, 1931, while profit of subsidiary was $2,320. After payment of bond interest amounting to $16,023, provision for depreciation of $14,129 and income tax the company had a loss of $43,340 as against net profit of $59,109 in the year ended December 20, 1930. Preferred dividends were paid during the year and common dividends during the first half and these payments came from surplus which was reduced to $167,177, which included book value of common stock, from $233,348, the total of common stock and surplus in 1930.

INCOME & SURPLUS ACCOUNT AS AT

	Nov. 30 1931	Dec. 20 1930
Net earnings from:	$	$
Parent company	*9,508	†......
Subsidiary	2,320	†......
Consolidated earnings	*7,188	†......
Less: Depreciation	14,129	15,598
Bond interest	15,023	†......
Inc. tax reserve	......	5,150
Bonus	6,000	†......
	‡43,340	59,109
Less appropriations:		
Pref. divds.	16,213	22,307
Com. divds.	8,975	35,232
Surplus for year	‡68,528	1,570
Add: Disc. on pref. stk. redeemed	410	......
Less: Tax adjustments	3,053	......
Add: Prev. surplus	128,998	124,904
Surplus forward	57,827	122,998

*Loss. †Not stated. ‡Deficit.

Operate New Cider Plant

A new industry that gives promise of being of some benefit to the apple growers of the Annapolis Valley is now in operation at Middleton—a cider and apple juice plant run by the Scotia Gold Products Limited.

Bond Tenders

5 o'clock p.m., Feb. 15, Parish of Sainte Flore—$20,000, 5 per cent, 34 year serial bonds, dated Sept. 15, 1930. N. Deschenes, sec.-treas.

12 o'clock, Feb. 20, County of Peel—$65,000, 6 per cent 15-installment bridge debentures; $57,000 6 per cent 15 installment highways debentures. David Wilson, county clerk, Brampton. (See announcement on page 10).

Bond Redemptions

Bond Issues—	Rate	Due	Redeem.	Price
Cascade Water Power	4½%	1940	†May 1	100
Mt. Royal Tunnel & Term.	*5%	1970	Apr. 15	100
Toronto Conser. of Music	x5%	....	Mar. 1	103

*Called in part.
†Or before.
x$5,000.

Investing for Income Requires Close Study Radio Talk Indicates

Investment Plan is Needed to Achieve Objective

INSURANCE HELPS

High Yields Usually Indicate Lack of Security — Rates Show Fluctuations

Editors Note: The following address is the third of a series of talks on Principles of Investment arranged by Western High School of Commerce, Toronto, and broadcast by station CFCA on February 10. The next talk will be on "Marketability, an Important Principle of Investment" and will be given at 7.45 p.m. on February 17.

By J. P. WALWYN,
R. A. Daly & Co.

It has been said that speculation is an art and that investment is a science. The leading motive in speculation is profit while the leading motive in investment is income. The true investor will first of all seek security for his money and will then strive for an adequate income return.

There are two principal classes of investors for whom the question of income is of special interest, first, those who are creating, out of earnings, a reserve fund which at a later date will supplant present earning power, and second, those investors whose livelihood depends on the income from their investments. For the former, income (or interest) is a valuable ally in achieving the desired objective of financial independence, and for the latter an assured income is an absolute necessity. I would like to discuss the question of income for a few minutes from the standpoint of these two different classes of investors.

Compound Interest Aids

Unless a young man is assured of falling heir to a large estate, or of some other means of having an individual source of income thrust upon him, he must at an early age commence the systematic accumulation of capital, if he would avoid an old age of dependence upon others. An assured income should be made available which will maintain a scale of living comparable to that enjoyed during the years of earning power. Let us say that you set $3,000 per annum as a minimum requirement. An investment fund of approximately $60,000 will then be necessary. This fund must be accumulated between the ages of, say, 30 and 60, or during a period of 30 years.

Fortunately, this entire amount of $60,000, or whatever the objective may be, does not need to be wholly saved out of earnings. In fact, less than half of the total must actually be saved, the balance accumulating through the magic of compound interest. The relatively small sum of $63 per month invested at 6 per cent, with prompt reinvestment of interest, will provide the $60,000 required at the end of the 30 years. Of this amount only $23,000 represents actual savings of principal, the balance of $37,000 representing interest. When it is realized that money doubles every 12 years at 6 per cent, the power of compound interest may be more readily appreciated.

Edmonton City Dairy Earns $11 on Preferred

It is understood that the statement which will be presented to shareholders of Edmonton City Dairy at the annual meeting in the last week of February will show earnings of over $11 a share on the outstanding preferred, as compared with $9.39 a share for the year ended December 31, 1930.

A total of 608 preferred shares were redeemed during the year leaving 7,870 shares outstanding as at the close of 1931.

Other talks in this series will be devoted to the various kinds of investments which may be made, including bonds, preferred stocks, common stocks and mortgages. Consequently, I will not dwell on this phase of investment, but it might be useful to refer briefly to two other forms of saving for the future, namely, insurance and annuities.

No one today can doubt the value and necessity of insurance as protection for the family, and in some respects insurance may be considered a form of investment. Sound investment policy, however, would seem to dictate the use of insurance mainly for protection, and direct investment in securities as the principal means of accumulation. If a portion of the cost of insurance represents compensation for the risk of early death, it is obvious that the investment return must be considerably less than if the invested funds are directly drawing the full current rate of interest. There should be a balance between insurance and investment, the proportion of savings placed in each depending, in a general way, upon the age and responsibilities of the individual.

Regarding annuities it may be said that the rate of interest earned is lower than can be obtained even from the safest investments available. Their principal attraction is for those without obligations and responsibilities and who wish to secure the largest possible income by using both principal and interest during the last years of their life.

Do Not Sacrifice Security

Turning now to the position of the individual dependent upon the income from investments as the major source of revenue, the problem is usually this: "How much income may I expect without risking the loss of any of my capital?" Since the most reliable source of income is the return on Canadian Government and high grade municipal bonds, the safest investments that can be made, it follows that where an assured income is essential the investment account should consist largely of this type of security. The annual income will therefore be determined by the yield which these bonds provide. If the investment fund is large, the attempt to secure a higher return is justifiable, but conservative investment principles demand that security of principal should not be sacrificed for income.

The amount of income which any given sum will produce, rests mainly upon two factors: the degree of safety represented by the investment, and the current rate of interest. It is scarcely necessary to repeat the statement that the greater the degree of safety, the lower must be the rate of interest. If Canadian Government Bonds yield 5 per cent, a return of 6 per cent naturally carries with it more risk, while 7 per cent will usually mean a still greater risk. There are exceptions to this general rule, as in the case of a small and obscure issue of bonds which may yield more than a large and well-known issue although the degree of safety provided may be quite as large in one case as the other, or in the case of a common stock which may be attractive for future profit, even though the dividend rate is small. For example, Montreal Light, Heat & Power common stock at today's price yields only 4 per cent, while government bonds yield nearly 5¾ per cent. In the case of this stock the unattractive income return is offset by the possibility of an increase in price of the stock itself. The rate of interest is therefore not an infallible guide to the character of an investment, but in nine cases out of ten a high return is a danger signal, and should be a warning to the careful investor.

Interest Rates Change

The second factor governing the size of income from investments, namely, the current rate of interest, is closely associated with business cycles, the movement of commodity prices, and the condition of government finances. I shall not attempt an explanation of the variations in interest rates, as these are of a complex nature, but it is a fact that very much higher rates may be secured at certain periods than at others. At the beginning of this century, Canadian government bonds gave a return of about 3 per cent. In 1914, before the War, the rate was approximately 3¾ per cent.

By 1920 the rate had increased to nearly 6 per cent, but for some years thereafter a steady decline in interest rates took place. In 1928, the yield was only about 4½ per cent, and it was generally believed at that time that money rates would continue a downward trend toward the levels obtaining 20 and 30 years ago. Due to the severe industrial depression and financial crisis in 1930 and 1931, rates have increased sharply in recent months, and once more we have seen a yield of nearly 6 per cent on government bonds and 6 per cent or more on high grade Municipal Bonds.

The amount of income which may be expected from any investment also depends upon other factors, such as—the term of the investment, the degree of market ability and the specifications regarding place and method of payment, redemption privileges, if any, freedom from taxation, and any other modifications of the contract.

In order that those who are dependent upon the income from investments may secure the maximum return consistent with safety, all of these various factors must be taken into consideration. If it were possible to obtain absolute safety of principal, ready marketability and at the same time an income return of 7 or 8 per cent, investing would represent few problems. As in other things, however, you must pay for what you get, and it is exceedingly important therefore that you determine exactly what features of an investment you need the most, and then limit yourself to the purchase of bonds or stocks which supply these features to the best advantage. Many investors are today paying for something which is of little value to them, and their income suffers accordingly. For example, unless you have an annual income of at least $10,000 you should not hold tax-free bonds since the difference in income return between these and taxable bonds is a great deal more than the amount of tax which you will pay. Again many investors are attracted to securities which have a ready market, and while this feature is essential for a portion of the invested funds a higher return may be obtained from bond and stocks which are not so highly marketable. A City of Ottawa bond, for example, may not have as good a market as a Dominion of Canada Bond, and theoretically is not as safe, but from a practical standpoint a bond of this type should prove the better investment for those who require income. Do not pay for something which you do not need.

Should Seek Advice

In view of the fluctuations in interest rates from year to year, the investor will quite naturally wish to know if there is any way in which he may take advantage of the high rates which appear at periodic intervals. In the short time available tonight it would be impossible to explain how this might be done. If, however, you consult a reliable investment banking house you will find that it is possible to arrange your investments in such a way as to profit from the trends in interest rates. This and many other important considerations pertaining to investment will be of material assistance to those who wish to make the most of their savings.

At the present time the yield on bonds and stocks is unusually attractive. Only once before in the present century have interest rates been so high. Those who have funds for investment today are therefore exceedingly fortunate. When business is poor and the outlook generally is so uncertain it requires some foresight to purchase securities, but those who do so are certain to benefit handsomely.

In a young and rapidly expanding country such as ours, it is only natural that we all should seek a share of the profits which will reward those who develop our natural resources. We all like to speculate to some extent, and so for a moment I would like to refer to the place of common stocks in the investment account. After you have laid the foundation for your investment funds, through the purchase of government, municipal and other bonds of the highest grade, you may very properly include some good common stocks along with your other securities. Common stocks, however, should be chosen for the soundness, good management, and general outlook of the company which they represent, rather than for the size of the dividend return. Dividends on common stocks are secure in only a few instances, so that the expectation of income should be a secondary consideration.

In conclusion may I urge every investor to have a clear purpose, to follow a definite plan, to regard safety of principal as essential, and, finally, to realize that the income you will receive does not depend upon chance, but rather upon the care with which you arrange your investment programme.

INVESTMENT SECURITIES
The National City Company Limited
360 St. James St. MONTREAL 320 Bay Street TORONTO
Advisory Board
Sir Charles B. Gordon, G.B.E.
Sir John Aird
W. A. Black
A. J. Brown, K.C.
Wilmot L. Matthews
F. E. Meredith, K.C.
Lt.-Col. Herbert Molson, C.M.G., M.C.
W. N. Tilley, K.C.
The Hon. J. M. Wilson
600

THE ONTARIO LOAN AND DEBENTURE CO
LONDON, CANADA
61 Years in Business
Capital $2,000,000—Reserve Fund $3,200,000.
The Company's Debentures are a legal investment for Trust Funds which may also be deposited in the Company's Savings Department.
Money loaned on First Mortgages. *Applications invited.*
JOHN G. RICHTER, *President.* T. H. MAIN, *Manager.*

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Stock Brokers and Financial Agents
Members: Toronto Stock Exchange, Montreal Stock Exchange, Montreal Curb Market, New York Curb Market (Associate)
21 Jordan Street TORONTO
215 St. James St. West MONTREAL

THE TRUSTS AND GUARANTEE COMPANY LIMITED

35th Annual Statement

BALANCE SHEET, DECEMBER 31, 1931

ASSETS

Capital Account			
Office Premises— Safety Deposits Vaults: Toronto, Calgary and Brantford		$ 306,160.77	
The Trusts Buildings, Limited, shares (see footnote to Balance Sheet of December 31, 1920).			
Office Furniture		25,000.00	
Real Estate—held for sale		260,755.51	
Mortgages— Principal	$112,650.27		
Interest	7,476.38		
		120,126.65	
Loans on Stocks, Bonds and other Securities		56,210.07	
Advances to Estates, Trusts and Agencies		6,922.11	
Canadian Municipalities Bonds		11,667.82	
Other Bonds and Debentures		696,819.50	
Stocks		330,220.07	
Cash in Chartered Banks		90,632.05	
Cash on hand		6,853.64	
Other Assets		285,402.58	
			$ 2,196,770.77
Guaranteed Trust Account			
Mortgages— Principal	$4,775,151.24		
Interest	172,869.02		
		$4,948,020.26	
Loans on Bonds, etc.		185,590.45	
Dominion and Provinces of Canada Bonds		1,121,001.25	
Canadian Municipalities and School District Debentures		709,285.30	
Other Bonds		419,936.31	
Cash in Chartered Banks		94,224.69	
Cash on hand		11,487.29	
			$ 7,489,545.55
Estates, Trusts and Agency Account Funds and Investments			$33,092,451.47
			$42,778,767.79

LIABILITIES

Capital Account		
Capital Stock subscribed	$2,000,000.00	
Capital fully paid	$1,962,000.00	
Capital partly paid	15,587.31	
		$ 1,977,587.31
Sundry Accounts payable		1,451.67
Dividends declared and unpaid, due January 1, 1932		59,327.61
Profit and Loss Balance		158,404.18
		$ 2,196,770.77
Guaranteed Trust Account		
Trust Funds for Investment	$5,819,841.11	
Trust Deposits	1,669,704.44	
		$ 7,489,545.55
Estates, Trusts and Agency Account Estates, Trusts and Agency Accounts		33,092,451.47
		$42,778,767.79

JAMES J. WARREN, President.   E. B. STOCKDALE, General Manager.

We have audited the books for the year ending 31st December, 1931, and verified the cash, bank balances and securities of the Corporation. We have examined the statement and it agrees with the books of the Corporation. After due consideration we have formed an independent opinion as to the position of the Corporation; and with our independent opinion so formed and according to the best of our information and the explanations given us, we certify that in our opinion the statement sets forth fairly and truly the state of the affairs of the Corporation; and that all transactions of the Corporation that have come within our notice have been within the powers of the Corporation.

GEO. EDWARDS, F.C.A.
H. PERCY EDWARDS, F.C.A. } *Auditors*
of EDWARDS, MORGAN & COMPANY, *Chartered Accountants.*

Summary of Week's Annual Reports

A brief analysis of company earnings per annual statements received since last week's issue. Company name in bold type indicates stocks listed in Canada or New York. Net income shown is before preferred dividend, if any. Market prices are at close on Tuesday this week or last sale.

Company	Year end	Net income 1931 $	Net income 1930 $	Common earnings 1931 $	Common earnings 1930 $	Curr. divd. $	Balance car. fwd. 1931 $	Balance car. fwd. 1930 $	Mkt.	Mkt. times earn.	Yield %
Eastern Trust	Dec. 31	84,393	89,185	8.43	8.71	8	21,675	17,282	...	...	...
Landed Banking	Dec. 31	92,202	91,635	9.22	9.16	8	14,935	12,734	140	...	5.7
East Lambton Farmers Loan	Dec. 31	18,815	20,381	4.43	7.76	6	117	28	...	...	...
Mutual Finance Corp.	Dec. 31	63,720	87,900	...	...	..	116,000	107,000	...	...	...
Twin City Rapid	Dec. 31	324,500	1,088,786	0.52	3.99	..	1,871,141	1,713,964	3⅛	...	...
Goodyear Tire	Dec. 31	‡1,702,985	1,550,404	‡8.24	8.02	5	7,665,562	7,409,272	71	...	7.04
Tip Top Tailors Ltd.	Jan. 2	106,128	249,041	9.3c	1.11	..	1,082,242	1,115,572	...	...	...
Windsor Hotel Ltd.	Dec. 31	135,523	196,586	...	1.01	..	364,735	376,175	...	...	...
H. Simon & Sons Ltd.	Dec. 31	41,042	116,959	0.12	2.51	..	156,508	230,237	17	...	...
Foreign Power Securities Corp.	Dec. 31	296,114	435,459	...	0.95	..	1,108,575	507,644	3¼	...	...
Dairy Corp. of Canada, Ltd.	Dec. 31	29,612	112,755	0.37	4.43	..	142,367	112,755	...	...	...
Detroit International Bridge	Dec. 31	*364,359	*1,367,296	...	...	..	†1,643,813	†1,512,788	...	...	...
Rolland Paper Co.	Dec. 31	112,670	159,858	0.38	1.16	..	312,204	281,034	...	...	...
Ottawa Electric Rlwy.	Dec. 31	85,946	91,121	2.44	2.59	..	420,857	334,911	...	...	...
Royal Trust	Dec. 31	486,655	550,452	24.33	27.52	18	472,974	396,319	...	...	...

*Loss. †Deficit carried forward. ‡15 months period.

WEEKLY RECORD OF FINANCING IN CANADA

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Sold	—Sold To—	Rate	Maturity	Amount	Price	Basis
Riviere Du Loop, Que.	Feb.	G. E. Langlais	5½%	20-ser.	$35,000	96	6.37%

Return of the Chartered Banks of the Dominion of Canada, December 31, 1931

LIABILITIES

NAME OF BANK	Notes in Circulation $	Balances Due to Dominion Government $	Advances under Finance Act $	Balances Due to Provincial Governments* $	Demand Deposits in Canada $	Savings Deposits in Canada $	Deposits Elsewhere $	Bal. due to other banks in Canada $	Due to Banks in U.K. $	Due to Banks Elsewhere $	Bills Payable $
Montreal	35,470,663	24,932,947	....	3,891,226	147,660,735	279,485,551	69,578,123	1,915,779	1,014,503	8,914,692	130,926
Nova Scotia	12,702,832	12,564,771	....	195,055	33,807,358	125,017,573	31,862,200	2,313,789	85,524	1,902,123	187,405
Toronto	6,408,124	4,006,955	....	462,977	16,018,870	65,200,243	....	246,506	136,379	1,171,176	....
Provinciale	3,986,821	4,161,751	....	32,799	5,003,666	23,489,612	....	1,308	....	25,821	....
Commerce	25,446,890	24,781,927	7,000,000	3,645,794	121,933,028	174,230,249	46,474,462	2,212,255	798,817	12,300,902	59,985
Royal	32,235,770	15,876,640	30,000,000	7,605,140	153,454,802	163,589,250	158,422,729	1,072,618	913,992	14,669,687	2,836,243
Dominion	6,262,302	8,290,467	....	433,622	30,667,257	63,674,825	2,382,912	963,835	384,056	1,150,560	....
Nationale	10,019,089	7,226,982	9,500,000	1,483,878	19,210,580	84,783,143	1,365,888	1,333,643	31,192	377,951	....
Imperial	8,214,905	9,089,901	....	2,036,629	28,031,073	69,618,882	....	1,213,427	201,239	1,405,368	....
Barclays (Canada)	265,975	166,357	....	....	797,196	892,790	....	111,760	1,283,479	404,792	....
Total	141,013,382	111,098,699	46,500,000	19,787,120	566,584,565	1,360,042,129	310,086,314	11,384,920	4,849,181	42,323,072	3,214,559

NAME OF BANK	Letters of Credit outstanding $	Other Liabilities $	Dividends Declared and unpaid $	Reserve Fund $	Capital Paid Up $	Total Liabilities $	Capital Authorized $	Capital Subscribed $	% Last dividend %	*Loans to Directors, and firms of which they are partners $	Average gold and Coin Held $	Average Dominion Notes Held $	Greatest amount of notes in Circ. $
Montreal	9,148,485	1,875,570	21,701	38,000,000	36,000,000	758,040,905	50,000,000	36,000,000	12	3,336,027	26,971,013	42,833,694	38,060,785
Nova Scotia	4,606,871	209,111	482,204	24,000,000	12,000,000	261,936,821	15,000,000	12,000,000	16	2,581,454	9,290,297	10,389,410	13,900,926
Toronto	1,009,698	156,082	3,691	9,000,000	6,000,000	119,880,714	10,000,000	6,000,000	12	1,464,274	351,751	8,237,413	6,979,614
Provinciale	14,646	49,882	6,526	1,500,000	4,000,000	52,272,835	5,000,000	4,000,000	9	643,970	237,360	413,146	4,325,006
Commerce	11,383,475	....	20,443	30,000,000	30,000,000	590,288,231	50,000,000	30,000,000	12	8,036,209	15,546,000	18,144,000	27,898,893
Royal	26,586,184	319,873	30,835	35,000,000	35,000,000	777,613,768	50,000,000	35,000,000	12	3,703,818	12,199,575	10,917,205	34,834,181
Dominion	1,622,126	366,948	210,945	9,000,000	7,000,000	132,409,869	10,000,000	7,000,000	12	1,726,944	986,000	4,994,000	6,848,815
Nationale	358,261	....	5,432	7,000,000	7,000,000	149,696,044	10,000,000	7,000,000	10	651,776	882,140	1,361,106	10,477,904
Imperial	544,630	....	1,030	8,000,000	7,000,000	135,357,088	10,000,000	7,000,000	12	272,106	417,185	2,759,012	9,051,615
Barclays (Canada)	199,037	....	....	500,000	500,000	5,121,389	500,000	500,000	......	....	11,807	80,111	292,160
Total	55,473,413	2,977,466	782,807	162,000,000	144,500,000	2,982,617,664	210,500,000	144,500,000	......	22,416,578	66,893,128	100,129,097	152,669,899

* And loans for which they are guarantors.

ASSETS

NAME OF BANK	Current Gold and Subsidiary Coin $	Dominion Notes $	Notes of other banks $	United States and other foreign currencies $	Cheques on other banks $	Balances due from other banks in Canada $	Due from banks in U.K. $	Due from banks elsewhere $	Government securities $	Canadian municipal British and foreign securities $	Railway and other bonds and Stocks $	Call loans in Canada $	Call loans elsewhere $
Montreal*	27,716,943	48,254,464	2,903,203	349,184	26,342,435	1,792	897,696	28,666,147	160,932,345	58,325,853	11,801,612	6,529,969	21,863,878
Nova Scotia	9,245,968	13,536,015	913,157	1,479,051	8,857,999	....	776,927	5,631,729	37,233,330	16,169,933	9,779,162	13,314,708	4,669,654
Toronto	376,091	9,783,849	522,945	22,940	5,930,924	....	36,656	576,704	25,046,310	7,279,378	2,192,011	5,777,736	....
Provinciale	249,694	396,930	482,185	16,817	1,609,828	1,792,213	2,973	169,033	8,349,041	5,848,904	2,736,588	6,371,841	....
Commerce†	12,966,930	20,274,475	1,931,195	1,204,975	19,541,577	22,941	437,267	17,048,515	101,770,609	20,077,719	15,435,214	34,344,764	29,217,945
Royal‡	12,899,212	21,852,643	2,869,168	11,528,327	21,326,557	462	1,387,611	48,425,376	78,131,882	15,706,276	12,725,928	37,813,823	26,189,440
Dominion	1,018,093	8,367,640	686,390	42,360	6,789,813	....	664,869	1,457,909	19,222,378	4,374,813	2,756,483	13,011,678	1,183,400
Nationale§	903,720	1,293,046	839,985	67,636	4,662,585	240,179	117,262	657,817	23,828,764	10,292,180	3,371,240	9,116,901	....
Imperial	427,627	4,060,965	776,735	23,756	6,849,560	600,770	454,752	1,726,554	22,895,270	5,910,083	181,700	8,351,437	....
Barclays (Canada)	11,908	40,529	11,440	1,136	206,565	1,324,273	198,369	348,131	502,374	124,438	30,850	98,100	....
Total	65,816,786	128,860,547	11,936,403	14,736,182	102,117,849	4,082,630	4,974,482	104,707,909	477,912,303	154,109,577	62,010,798	134,730,957	83,124,317

NAME OF BANK	Other current loans in Canada $	Other current Loans elsewhere $	Loans to provincial governments $	Loans to municipalities $	Non-current loans $	Real estate other than premises $	Mortgages on real estate $	Bank Premises $	Letters of Credit $	Deposit for note circulation $	In central gold reserves $	Shares of and loans to controlled companies $	Other assets $	Total assets $
Montreal*	254,354,642	23,512,556	12,307,236	39,596,923	3,054,495	406,119	1,345,219	14,500,000	9,148,485	1,692,109	5,000,000	1,573,351	80,257	761,156,921
Nova Scotia	94,915,481	14,005,468	1,157,518	11,657,121	410,024	....	116,643	8,293,954	4,606,871	566,102	2,000,000	2,696,391	98,683	262,731,904
Toronto	51,022,924	....	....	5,211,318	212,972	....	55,407	3,805,525	1,009,698	297,673	1,630,866	....	....	120,791,924
Provinciale	18,267,291	....	....	1,570,797	159,939	439,077	494,220	2,189,365	14,646	198,500	200,000	....	235,937	52,795,828
Commerce†	263,938,504	21,174,697	13,312,293	32,839,320	2,400,339	2,291,585	2,067,308	15,326,631	11,383,475	1,250,000	8,000,000	3,950,050	304,441	592,512,780
Royal‡	375,286,030	127,321,134	5,866,787	12,208,535	3,185,749	2,245,947	895,816	17,337,226	26,586,184	1,700,000	5,500,000	6,091,499	502,220	782,583,850
Dominion	57,320,705	1,643,043	....	3,928,281	222,809	59,035	15,706	6,031,160	1,622,126	334,950	1,000,000	....	120,829	132,875,079
Nationale§	62,364,564	100,114	10,293,339	10,481,650	252,518	960,248	763,950	5,988,437	358,261	355,283	2,700,000	....	96,040	150,205,827
Imperial	62,641,398	....	2,620,416	8,195,643	422,282	165,331	498,435	6,313,172	544,630	417,935	2,700,866	....	138,368	136,917,699
Barclays (Canada)	1,985,821	....	....	....	6,579	....	....	....	199,037	11,424	....	....	....	5,100,980
Total	1,082,097,360	188,357,012	45,557,589	125,689,588	10,327,706	6,567,341	6,252,704	79,785,470	55,473,413	6,823,976	25,731,732	14,311,291	1,576,775	2,997,672,792

Column No. 26. Of this deposit $10,681,732 is in gold coin; the balance is in Dominion notes.
*The business of the bank in Paris, France, and in San Francisco, U.S.A., is carried on under the name of local incorporated companies and the figures are incorporated in the above statement.—Footnote to Bank of Montreal return.
†The figures of The Canadian Bank of Commerce (California) are incorporated in the above statement.—Footnote to Canadian Bank of Commerce return.
‡The Royal Bank of Canada (France) has been incorporated under the laws of France to conduct the business of the bank in Paris, and the assets and liabilities of the Royal Bank of Canada (France) are included inare included in the above statement.—Footnote to Royal Bank return.
§The assets and liabilities of the Banque Canadienne Nationale, France, same being considered a branch operating as a subsidiary of the Banque Canadienne Nationale, are included in above return.—Footnote to Banque Canadienne Nationale return.

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TORONTO, FEBRUARY 13, 7932

BANKING POWER AT HOME AND ABROAD

MANY misconceptions regarding the new Reconstruction Finance Corporation are being cleared up as this instrument of recovery gets into action in the United States. There was an expectation — even a hope — in some circles that it would develop into a huge machine for inflation, creating billions of dollars of new credit, cheapening the dollar and leading to an increase in prices which would start American business off on another era of apparent prosperity. This expectation was based upon the feeling that the $2,000,000,000 of new credit created would work in the same manner as any ordinary increase in central bank credit and would be multiplied at least ten times before it reached ultimate borrowers. But what was overlooked is that the Reconstruction Finance Corporation will merely liquefy to some degree a large amount of presently frozen loans. If it uses up the full $2,000,000,000 allotted to it, it will do little more than release that amount of credit for use, certainly not ten times that amount. Washington has been somewhat alarmed by the ballyhoo about inflation and has taken pains to dampen expectations in that regard. Some inflation probably is on the cards but Washington does not want Europe to get alarmed about it.

With Andrew W. Mellon going to London and Ogden Mills succeeding him at the treasury no change in monetary policy in the United States will follow for the simple reason that the deftly influential Mr. Mills has been running the treasury for some years anyway, and Mr. Mellon has been a willing figurehead ever since the depression started.

The new finance corporation is under the control of much the same group that manages the United States Federal Reserve Board. They have thus accumulated on to themselves the greatest degree of monetary power that has ever been exercised in one country by any small, compact group of authorities.

The recent death of Paul M. Warburg might have provided the American people with an opportunity to study more fully than they have the origins of their present-day banking system. Obituary tributes all pay honor to Mr. Warburg as the father of the Federal Reserve System. The tribute is well deserved. This German-born banker, one of a long line of European Jewish bankers, did as much as any other one man to set up the Federal Reserve System and to the day of his death he was a dominant influence in its affairs.

Mr. Warburg lived long enough to discover that even powerful international bankers can not always control the instruments of their own creation. Early in 1929 Mr. Warburg was strongly critical of the speculative debauch and predicted disaster to follow. But it was the Federal Reserve policy, which Mr. Warburg and his group helped to shape, that started Wall Street off on its orgy. Once the whoopee started it was too late to stop it; the general public joined in and soon the Wall Street boom was beyond the power of even a concentrated money power to control. It recalled the reminiscences of one of the most powerful of Wall Street speculative operators of another age, who stated that many a time he was able to get a stock up to the objective he and his principals had set for it but, long after he had unloaded, the general public continued to whirl the stock to greater and dizzier heights while he sat by, powerless to stop the mad scramble that he had started but could not finish.

That important international operators made collossal profits out of the Wall Street boom and similar booms in other countries is quite obvious but it is probably true also that they made their profits early in the boom and were much amazed by the subsequent marking up of prices, which was the result of operations by the public rather than by the bigger professionals.

Reverting again to Mr. Warburg, it is not widely known that shortly after he came to the United States in the early years of the century and long before he had so firmly transplanted his roots in American soil that he deemed it necessary to become a naturalized United States citizen, he visited Canada. He conferred quietly with bankers in Toronto in an endeavor to get Canada to adopt a Federal Reserve or central banking system at the same time that the United States did. He found some strong supporters, but Canadian bankers on the whole were either lukewarm or opposed to the idea and no progress was made. Undoubtedly, if Canada had set up the system suggested at the time, it would have come very much under the influence of international banking and the Canadian banking system of today, well integrated but nevertheless providing every Canadian hamlet with adequate service, would not be as firmly knit and as strongly entrenched as it is today. There has not been a single banking failure in Canada since the beginning of this great business depression, and it is more important for Canadians to be able to boast of this achievement than to have a central banking system to point to.

The most frequent charge made against the Canadian banking system is that the small number of banks concentrates the banking power of the country in a few hands. But this concentration of power, which is more apparent than real, is a wholesome diffusion compared with the concentration of banking power in the United States, where two or three men dominating the Federal Reserve Board have almost dictatorial influence over business; or in Britain where the board of directors of the privately-owned Bank of England, on which sits not a single representative of any one of the country's commercial banks, were able to put Britain back on the gold standard at the expense of the country's industries, or in France where the Bank of France is an instrument of foreign policy; or in other countries with central banking systems that find themselves helpless to do other than ride the waves set up by bigger craft of the same type.

The Canadian monetary and banking system is one of the few in the world that is not dominated by international monetary influences.

WELCOME RECRUIT

RECENTLY The Ottawa Journal took The Financial Post severely to task for its campaign for economy in government. It said: "economy is not enough." It asked "what right has the public to growl about taxation?"

But the Journal has come around. The Financial Post welcomes it to the ranks of the newspapers that are voicing the sound business opinion of the country in favor of lower government expenditures:

Says the Journal: "Both public and governments must make up their minds to cut their financial coats according to their financial cloth. There is no secret or magic spring from which governments can bring gold to pay for expensive luxuries."

We hope The Ottawa Journal does not backslide. It is a powerful recruit to a necessary and useful campaign of education.

MISUSING TARIFF AID

WHILE The Financial Post has believed in and consistently advocated reasonable tariff protection for Canadian industries, it has also insisted from time to time that active measures should be taken to see that higher duties are not used as a cloak for undue profits, for incompetence or for forcing inferior goods upon customers.

Most companies, given the help of increased rates, appear to be playing the game but from time to time information is secured which indicates that there are a few executives who believe in taking every advantage which the new duties will allow. For the most part higher duties have not resulted in higher prices; in many cases companies aided by higher duties have lowered prices still further. But there is evidence that some companies, which believe themselves well entrenched, are trying to force buyers to limit their purchases to old lines of these companies rather than trying to advance their products until in style, design and usefulness they are equal to the best of imported articles.

A recent case came to the attention of The Financial Post where one of the largest Canadian buyers of women's dresses, approaching one of the largest textile manufacturers in Canada for new spring dresses, was astounded to find that the manufacturer expected the buyer to be satisfied with the old patterns. The buyer energetically responded that the old styles would not suit his customers and himself scouted around among United States mills (there was not time to seek his requirements from British mills) until the requisite raw materials in design, weaves and colors needed have been brought into Canada for the manufacturer to work on.

That is exactly the sort of thing, if continued, which will build up consumer dissatisfaction with a high duty until it will have to be lowered. Domestic manufacturers should realize that, unless they display exactly the same energy and enterprise and foresight in improving their product as they would if under free competition from the rest of the world, they are building up a case for the lowering of the duty. They should bend even greater efforts to satisfying customers when special protection has been granted in order that agitation for lower duties does not grow strong.

Except when it comes to a tariff matter every manufacturer realizes the value of contented customers. He should be able to use the advantages given him by the higher tariff to improve his products and satisfy customers better than ever. Any executive who acts as though customers have to come to him is building up a liability of bad will not only with regard to his company and to the special privileges accorded it but to a certain extent to the whole industry it represents.

OUR CREDIT AT STAKE

THAT Canada's credit is being put in jeopardy by governmental extravagances in all parts of Canada is something that is too little realized by the average man. Yet financial institutions that provide the largest market for federal, provincial and municipal bonds fully realize it. Speaking at the annual meeting of the Toronto General Trusts Corporation, W. G. Watson, the general manager, said:

"If the excellent standing of our Canadian government and municipal Debentures, built up over a long period of years, is to be maintained serious consideration must be given to, and early action taken in the matter of reducing government and municipal expenses of all kinds with a view to meeting as far as possible the lower prices of farm products and other primary commodities. In business enterprises throughout the Dominion careful study and unremitting effort is being given toward the reduction of costs, but taxes are weighing heavily upon the whole country, both rural and urban, and therefore constitute one of our major problems."

In similar vein were some recent remarks by Thomas Bradshaw, president of one of our larger life insurance companies. He said:

"As important investors—about 500 millions—in the securities of the Dominion, its provinces and municipalities, the life companies are deeply interested in the stability of all of these institutions, and in the safeguards to prevent excessive debts and excessive taxation. At the present time, and apart from guarantees for the Canadian National Railways, the combined debts of the Dominion, the provinces and municipalities, aggregate approximately 5½ billions. In interest alone, apart from any annual repayment of principal to retire these debts, this huge mortgage upon the lands, industries, resources and earning power of the Dominion and the people, involves an annual charge of approximately 300 millions.

"Taking the period intervening between 1922 and 1930—only eight years—it will be found that municipal debts had grown from $863,794,357 to $1,123,970,933, an increase of 30.1 per cent. We know that if these figures were brought down to the present time, they would be substantially greater. These mounting obligations cannot but create alarm, and naturally the question arises, 'Whither are we drifting? How much more can we carry?' It is quite true that since 1922 there have been increases in population, in wealth and in assessment, but governmental debts have far outdistanced these increases.

"For example, the estimated population increased from 1922 to 1930 by only 14 per cent, while municipal debts increased 30 per cent. Then again, taxable assessments increased in the same period by 17 per cent, a relatively small advance compared with the increase of 30 per cent in municipal debts."

Mr. Bradshaw frankly faced the question of rapidly using educational costs. His remarks recall a recent comprehensive study of educational expenditures made by The Financial Post in the course of its current series of articles on the reasons for rising costs of government in Canada. Mr. Bradshaw said:

"Canadians prize highly their educational facilities, and there is no doubt that as a nation we owe much to those who have gone before and who have laid the foundation for the magnificent facilities for primary and secondary education throughout the Dominion, but is it not time to pause and consider whether we are able to afford the tremendously increased expenditure which has taken place in the cost of education in recent years. The increase in the debt of municipalities for school purposes between 1922 and 1930 was no less than 48.6 per cent.; in fact it has increased relatively to a greater extent than the debt for other municipal purposes."

INSURANCE COMPANIES AND PUBLIC FINANCE

FROM time to time governments consult with bankers and bond dealers regarding matters of public finance. Through these conferences the governments are enabled to obtain sound advice on the condition of money markets and the effect upon business and upon investors of policies under consideration.

As the largest investors in government and municipal securities, should not the life insurance companies also be invited to conferences regarding new loans and new legislation? C. S. Macdonald, president and general manager of the Confederation Life Association, made such a suggestion at the recent annual meeting of his company.

In the ultimate analysis governments must rely to a very large extent upon life insurance reserves as a source of funds for public needs. Canadian life companies own $200,000,000 of Canadian government and municipal bonds and foreign companies operating in Canada own about an equal amount. Surely this large stake in Canadian public finance entitles these companies to a voice in the shaping of government financial policies that will protect these investments, made on behalf of thousands of thrifty insured folk.

EDITORIAL NOTES

To the long list of economists who have included Canada as among the countries off the gold standard we must now add the name of T. E. Gregory, a member of the MacMillan Committee and professor of banking and currency at the University of London. He makes the statement in a current article. Canada as a whole may be off the gold standard but Parliament Hill stays on it.

POST-scripts

A NEW YORK bank publishes and uses newspapers to advertise its statement in a form "that any man or woman can understand."

Perhaps the most novel part of the published statement is the note at the foot which reads: "Our listed resources enumerated in this statement, do not and cannot include those assets of friendliness and helpfulness which this company has in the personnel of its board of directors, its officers and employees. These are assets which pay dividends to our patrons in service and satisfaction."

THE use of simile, so dear to the hearts of Homer and Vergil, is rather a back number these days. Its effectiveness, however, is still great, as was illustrated at a recent meeting of shareholders held in Montreal. One shareholder with many questions to ask, was getting scant sympathy from his fellows who were anxiously glancing at their watches as the lunch hour approached. Each point he brought up was greeted with muffled groans; his position appeared to be precarious. At last his patience reached breaking point. "Gentlemen," he said, "please bear with me. I sense opposition on all sides; in fact at this moment I feel like a man married to a strong-minded wife who has brought to his house her mother and all her sisters. Need I say more?" Sympathy kindled in every eye; a dead silence ensued; the simile had found its mark.

As Others See Us

Financial Wild Horses

Vancouver Province.—The Financial Post of Toronto hasn't much patience with governments which announce their inability to cut expenditure because certain items are "uncontrollable." "Every dollar ever added to the debt of any country or constituent government," it says, "was controllable at some time by somebody."

Of course it was. The controllable expenditure of today, if it is not controlled, becomes the uncontrollable expenditure of tomorrow. Current expenditure, let us suppose, is allowed to exceed the revenue available, as it has done almost every year in British Columbia since 1915. What is the result? A deficit! The deficit is made good by borrowing, and, for the succeeding years to the end of the term of the loan, sums for interest and sinking fund go into the annual budget as uncontrollable.

Or, let us suppose, some capital work is up for consideration. It isn't really necessary, but it would be useful, and the constituency concerned would like very much to have it, and there is an election in the not too distant future. So the control that might have been so easily exercised is not exercised, and the controllable becomes subject to no control for the next thirty or forty years.

Financial wild horses are not very different from wild horses of any other sort. It isn't easy to keep them under restraint. But once let them get beyond control and it is almost impossible to bring them back.

Other People's Views

Too Costly to Afford

Public Service Magazine, Chicago.—Is the world tending toward nationalization of industry?

A better term would be "government in business," for much of it is done by other divisions of the governments besides the federal. But phraseology aside, the answer to the question seems to be no. The tide, to be sure, ebbs and flows. There is an immense amount of government in business the world over, but its general effect on taxation and the cost of government, together with the enforced abandonment of the system in so many countries, seems to say that governments simply cannot afford indefinitely to drift in that direction for the simple reason that they cannot pay the price.

New Zealand bankrupt, Australia nearly so, Canada's cost of government increased a billion dollars in eight years, all ascribed largely to government in business; Japan offering her telephones for sale, Italy selling hers, France anxious to find buyers for her government railroads, Berlin selling her municipal electric properties, Great Britain steadily substituting private for public ownership of electric power plants—these are some of the straws which seem to indicate the drift of the wind. Without becoming or wishing to become dogmatic as to the trend, we would incline toward the opinion that it is not in the direction of more government in business in those countries that have had most experience with it. Uncle Sam is understood to have his hands in about 97 businesses just now and many cities and states are engaged in enterprises of this sort, but there is a tremendous tide of protest rising against the system in this country, largely because of its effect on the steadily increasing burden of taxation.

Take the Economy Route

Toronto Globe.—Governments all over Canada are now wrestling with their spending programmes for 1932, and they are faced with a stern duty of economy. At Ottawa, in the provinces and in municipalities the estimates are being considered. It is a time for the utmost care. Governments, accustomed to buoyant revenues of recent years, and schooled in the practice of easy borrowing, have, in too many cases, allowed old standards of reckless spending to continue. Now revenues are less buoyant, there are heavy demands for relief funds, and a pinch has come.

Financiers at recent annual meetings have emphasized the need for economy and balanced budgets. The individual knows what is ahead of him if he spends more than he receives. Governments, with their taxing powers and their ability to tap new sources of revenue, are apt to be less careful.

Let them note what Britain did to meet her emergency. John Bull vigorously set to work to cut his expenses and, having dipped a bit deeper into his trousers pocket, soon found himself able to pay his way. He furnishes a heartsome and inspiring example.

"Stop Me If You've Heard This One"

Client—I know the evidence is strongly against my innocence, but I have $50,000 to fight the case.

Lawyer—As your attorney, I assure you that you'll never go to prison with that amount of money.

And he didn't; he went there broke.

The World at Large

An Occasional Department Discussing World Economic Affairs That Affect Canada

Will Managed Sterling Oust Gold?

MANY able economists are now discussing the proposal for a "sterling bloc" of countries, which would stay off the gold standard for many years (and possibly for all time) and base their currencies on the pound sterling. The theory of the proposal is that maldistribution and misuse of gold have caused its value to fluctuate so violently that inestimable harm has been done the world; since it has been found impossible to stabilize the price level by "managing" gold it might be better to attempt to establish the pound sterling as a monetary unit of unvarying purchasing power in terms of commodities and services and to base the currencies of the Empire and of other countries that wished to do that (such as Japan, the Scandinavian countries, etc) on that managed monetary unit.

* * *

TO PEOPLE who have grown up in the last two generations the pound sterling is 7.322382 grammes of fine gold just as the Canadian and American dollars are 23.22 grains of fine gold. But long before the Middle Ages the pound sterling was exactly what the name suggests—one pound of fine silver and in the intervening centuries its value in terms of gold or silver has fluctuated widely and the true £ is nothing more nor less than a monetary unit. Now it is proposed that the £ be recognized not as so much silver, or so much gold but merely as a symbol of a definite amount of buying power and it is suggested that Britain is now in a position by credit control to fix this buying power not only for herself but for all countries that are ready to tie their monetary systems to that of Britain.

* * *

THE idea has long been toyed with but since September 19 last it has become topical economies. One of the very earliest discussions of the proposal was in an editorial on this page on October 10 last.

Later Prof. J. P. Day, associate professor of economics at McGill University, in discussing possible ways out of the British monetary crisis, suggested among the alternatives "to cease to bother about whether the pound will always exchange for so many grains of gold or so many dollars and bend all efforts toward maintaining its ability to exchange for a certain quantity of goods; to keep its purchasing power at home stable."

The idea might be expressed as attempting to establish "purchasing power parity" as a better substitute for "gold parity."

Recently the Bank of New South Wales came out definitely with a suggestion for a sterling bloc to offset the Franco-American gold bloc. Discussing the suggestion the London Stock Exchange Gazette says:

"The sterling bill is still the credit instrument throughout the world, and London holds enormous foreign balances in settlement of payments by foreign debtors. Confidence in our solvency, thanks to the response of the taxpayer, is growing, the appreciation of the increasing difficulties which confront America and France, hedged round by enormous masses of gold, contribute to the improvement in the value of the £. The quicker this movement the more willing the disposition to restore sterling as a world currency. A stable £ is the most likely solution of some of those problems which block the way to trade recovery. This is no mirage. The greater confidence in this country measured by a higher sterling exchange rate will liquefy balances and improve the status of traders and banks throughout the world. Their recovery will lead to the spread of confidence, and by degrees through the achievement of a sterling basis in substitution for gold the world may find its feet."

* * *

DONALD M. MARVIN, economist for the Royal Bank of Canada spoke in similar vein in a recent address in Toronto when he said:

"Mismanagement of the gold standard is the source of our difficulties, but I would not have you believe that I see no advantage in a standard international medium of exchange. It is even more important, however, that money should be a stable measure of value. It is primarily on this point that the gold standard has failed. Until the gold countries can devise the means of raising their prices and create manageable machinery which will ensure a greater measure of stability, other countries will hesitate to again adopt the gold standard.

"Indeed, unless the gold countries are prepared to conform to certain conditions within a reasonable period of time, it is by no means beyond the bounds of possibility that a new system of money and exchange might be developed, based on a central unit intelligently managed and stabilized in relation to the index numbers of the price level. Sterling is the logical basis of such a system. The traditional position of sterling as the world's medium of exchange, the position of London as the world's banking centre, her wealth of experience, her splendid banking system, at the centre of which the Bank of England operates without the stringent restrictions and inhibitions of the central banks of France and the United States, form a combination ideally designed for this purpose."

* * *

A RECENT letter to The London Times, given a prominence that suggests that the unnamed writer is highly esteemed by that journal, made a reasoned argument for abandonment of gold by countries

(Continued on page 8)

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Business Conditions in Canada

The Week in Business

Frank Speaking on Depression
Hoover Aims at Hoarding
Mellon May Aid Recovery

OGDEN L. MILLS, the new Secretary of the Treasury of the United States, delivered a speech at a dinner in New York about two weeks ago in which he reviewed the business depression with a frankness that becomes the more interesting on account of his promotion since that date. He said that between the middle of September, 1929, and September, 1931, wholesale commodity prices fell about 30 per cent; industrial production declined about 40 per cent; bank loans and investments, about $4,500,000,000. Between September and December, 1931, prices further declined about 4 per cent; production 7 per cent; loans and investments of banks, $1,500,000,000; deposits, $2,500,000,000, or 11 per cent. Mr. Mills estimated that wages have gone down about 10 per cent. Some 10 per cent of the total number of banks have failed. About 28,000 business concerns, or 1½ per cent of the whole number in the United States, have collapsed. He said that the depression last fall had begun to reach the point where "it feeds on itself."

Such an outspoken summary of conditions of so gloomy a character ordinarily would have brought alarmed protests. The common habit in the business circles of the United States, so far as publicity is concerned, is to insist that discouraging information be kept as quiet as possible. People are urged to put the best face possible on events, screw up their courage and keep on trying.

* * *

IT MUST not be assumed that Mr. Mills has assumed office in the character of a pessimist. On the contrary, the principal reason for his review and the conclusions which he urged logically and eloquently were that business and banking interests had become alarmed unduly and that the best thing they can do for themselves is to face the facts and stand together to overcome the tendencies which have been exhibited. The speech, nevertheless, affords a timely mirror of the mind of the new financial officer. He does not believe in hiding one's head in the sand, but in throwing up barricades.

The United States government has been showing a degree of concentration on improvement policies since the first of the year such as seldom has appeared before in its political history, and some encouraging results are in evidence.

* * *

IN LINE with the address of Mr. Mills is the estimate by President Hoover, in a message, that the hoardings in the United States amount to fully $1,300,000,000. The secretion of this amount of capital in timid idleness is alone sufficient to cause hard times. Its emergence from hiding and resumption of activity would be enough to overcome a very appreciable percentage of the prevailing unemployment. The operations of the Reconstruction Finance Corporation should have this effect, so far as security depends on conditions within the United States.

The sending of Secretary Mellon as ambassador to Great Britain rightly is to be interpreted as a recognition that financial problems now have the first place in international intercourse, and there is no man living who has had greater experience in dealing with them in the capacity of a high public official.

CANADIANS USE LESS TOBACCO FOR YEAR PAST

Aggregate Consumption Shows Decline of About 10%

From Our Own Correspondent

MONTREAL.—Pipe users and cigarette smokers who roll their own were more numerous in Canada last year than was the case in 1930.

The desire to economize last year made many smokers turn to a pipe, or buy tobacco to be rolled into cigarettes.

Cut tobacco consumption in Canada last year, according to returns prepared by the Dominion Bureau of Statistics, amounted to 16,458,407 pounds. This represented an increase of approximately 900,000 pounds over that reported for 1930.

Loss of Cigarettes

The number of cigarettes entered for consumption showed a falling off of roughly 5 per cent during 1931. The actual number consumed was 4,532,699,788, which was equivalent on the basis of last year's population, to 453 cigarettes for every man, woman and child in the Dominion. In 1930, however, the number of cigarettes entered for consumption was 5,035,915,640, or a per capita consumption of around 503.

Contrary to what might be expected, the number of overweight cigarettes consumed in Canada last year showed an increase over the returns of 1930. The Bureau of Statistics reports consumption in 1931 of 1,364,480 as against 979,760 in the preceding year.

Last year was not a good one for the people who ordinarily smoke cigars. This is reflected in the decline in consumption. In 1930 Canadians smoked 182,272,866 cigars, while during the past year only 161,749,405 cigars went up in smoke.

Plug Tobacco Declines

While it was to be expected that changed economic conditions would affect the consumption of cigars and cigarettes, it was anticipated that the chewer of tobacco would not be affected. But such is not the case, for the Government returns show that only 5,330,960 lbs. of plug tobacco were entered for consumption. This compares with 5,911,393 pounds in 1930, or a decrease of about 580,000 lbs.

The foregoing figures would indicate that the sales of Imperial Tobacco Co. of Canada, which handles well over 85 per cent of the total Canadian tobacco business, were in the neighborhood of 10 to 15 per cent less in 1931 than in 1930. In the latter year the company reported satisfactory sales and was able to pay its ordinary shareholders the regular 7 per cent dividend, together with a bonus. Whether or not the bonus will be paid on 1931 business, will not be determined until the annual meeting which usually takes place in March.

Canadian Sugar Output Drops in Final Month '31

Canadian sugar manufacturers established a record for all time in 1931 by producing 982,132,339 lbs. of sugar between January 1 and December 31. This quantity shows an increase of about 4,000,000 lbs. over 1930 production—equivalent to over 4 per cent.

Following a four-weeks period in November which set a new high point for this normally peak month with 124,420,000 lbs., production followed the usual trend by falling away sharply, and the four-week period ending December 31 recorded 61,612,767 lbs., this comparing with 67,077,137 lbs. for the corresponding period of 1930.

Canada Trade Decline Among World's Highest

Total World Trade For 1931 Expected to Be 25 Per Cent Below 1930—Canada Trade Off 36 Per Cent in First Nine Months

That world trade for 1931 will be 25 per cent below that of 1930 and 40 per cent below 1929 is the conclusion reached in a preliminary survey made by J. J. Karl, Division of Regional Information, United States Department of Commerce, in a recent issue of Commerce Reports.

Comparing the estimated 1931 figures with previous years, it becomes apparent that the total value of trade last year will be somewhat below the total for 1913 and may not even reach the average for the years 1911-1913. Accordingly, the value of world trade will be approximately down to the level of twenty years ago.

Drop Involves Billions

Just how substantial this shrinkage has been may be seen from an analysis of the foreign trade of 54 countries, representing over 90 per cent of total world trade and which, according to this authority, aggregated $42,667,400,000 for the year ending June 30th, 1930, as against $57,933,700,000 for 1930, which is a decrease of 26.3 per cent. Eighteen of the principal countries, each of which suffered a decline of more than $100,000,000 in exports, accounted for 85.8 per cent of the total loss in exports and 85.9 per cent of the total loss in imports. Analysis of the figures shows that the countries producing primary materials were hit the hardest by the catastrophic decline of prices and that the reduction in the value of their exports reacted unfavorably on the exports of the industrial countries.

In addition to the substantial barrier of tariffs and other evidences of nationalism, exchange has also proved an unfavorable factor in the situation, particularly in the late quarter. In this connection, Mr. Karl says:

"During the first nine months of 1931 most of the world currencies were fairly steady. The exceptions were the pesos of Argentina and Uruguay, the milreis of Brazil, the Spanish peseta, the Portuguese escudo, the Australian pound, and the silver currencies of the Far East. On September 20, 1931, the British Government announced a suspension of the gold standard, and its example was followed shortly after by some of the British colonies, by the Scandinavian countries, and later also by Japan. It was generally expected in the countries concerned that the lower value of the paper units would tend to promote exports and restrict imports.

It seems problematical whether such expectations will ever be fulfilled. British trade for the last quarter of 1931, compared with the corresponding period of 1930, shows a larger decline in exports. Imports declined only 6.9 per cent in sterling, or 30 per cent in dollars, while British exports decreased 25.4 per cent in sterling, or 43.8 per cent in dollars. It is too early to estimate the effect of the change with any degree of accuracy. One thing is certain: That a new element of uncertainty has been added to commercial calculations.

"A comparison of the average exchange values of the principal unbalanced currencies for December, 1931, with the averages for 1930 shows the following declines: Uruguay, 40.6 per cent; Brazil, 35.5; Finland, 32.8; Norway, 30.9; United Kingdom and Denmark, 30.5; Sweden, 30.3; British India, 29.4; Portugal, 28.0; Argentina, 22.5; Spain, 21.8; Canada, 17.2; Japan, 12.4."

Canada Third in Line

Although data for the first six months of 1931 is available for 54 world countries, later information covering the first nine months of 1931 is available for 25 countries. This information is tabulated in the subjoined paragraph and shows the total trade for each of these countries in the January-June period 1931 and also for the corresponding period 1930. The degree of change on a percentage basis, is also shown for each country, and indicates that Brazil has suffered the heaviest percentage change in its trade with a drop of 37.67 per cent while the little country of Taiwan (formerly Formosa) comes a close second with a cut of 37.15 per cent. Canada comes third with drop in total trade of 35.93 per cent for that period.

At the other end of the scale comes Belgium which has suffered only a 17.7 per cent decline in trade, while Denmark, Greece and South Africa are next in order respectively. The figures are as follows:

Total Trade of World Nations
(First Nine Months)
(In millions of $)

Country:	1930	1931	*
Argentine	898.6	623.9	30.57
Chile	246.0	166.8	32.20
United States	5,353.8	3,460.3	35.37
CANADA	1,471.9	943.1	35.93
Brazil	457.9	285.4	37.67
Belgium	1,220.0	1,003.8	17.72
Denmark	678.4	556.8	17.92
Greece	148.7	121.9	18.02
France	2,817.9	2,225.7	21.02
Netherlands	1,285.8	994.2	22.68
Sweden	640.1	494.0	22.89
Austria	477.1	364.3	23.64
Italy	1,163.0	868.5	25.32
United Kingdom	6,296.3	4,681.6	25.65
Czechoslovakia	726.2	536.4	26.14
Poland	400.3	291.8	27.10
Finland	196.7	142.8	27.40
Germany	4,114.2	2,978.5	27.60
Norway	355.6	253.3	28.77
Union of S. Africa	347.8	280.7	19.18
Japan	1,162.4	915.7	21.22
Ceylon	178.3	122.4	31.35
New Zealand	339.2	223.5	34.11
British India	1,275.9	836.8	34.41
Taiwan (Formosa)	25.3	15.9	37.15

*% decrease 1931 from 1930.

"A comparison of the figures for 1931 and 1929, says this analysis, shows that 29 of the 54 countries for which data is available, suffered declines in total trade of more than the average of 38.7 per cent, 23 declines below the average, and 2 showed increases in 1931 over 1929. The greatest decreases, over 60 per cent, were shown in the trade of Sudan and Australia. In the case of Sudan the decline was due to the enormous decrease in the quantity and value of cotton exported; in the case of Australia, to the sharp reduction in the imports of textile goods, automobiles, machinery, and metal manufactures.

"The total trade of Brazil, Argentina, United States and Chile, declined about 50 per cent. Reductions varying from 48 to 40 per cent were noted in the total trade of Egypt, Canada, Austria, British India, British Malaya, Haiti, Tunisia, Taiwan, Ceylon, Siam, New Zealand, Uruguay, Estonia, Portugal, Gold Coast, Hungary, Italy, Finland, and Netherland East Indies. A decline of 39 per cent was shown in the trade of Japan, Turkey, Poland, and Union of South Africa. Among the other countries, 10 suffered decreases ranging from 37.7 to 31.6 per cent: Czechoslovakia, Philippines, Latvia, United Kingdom, Greece, Germany, Cyprus, Iraq, Mexico, and Syria. A decline of more than 25 per cent was noted for 9 countries: Zanzibar, France, Paraguay, Netherlands, Belgium, Bulgaria, Norway, Yugoslavia, and Sweden. A reduction of 22 to 16 per cent was registered in the trade of Chosen, Switzerland, Irish Free State, and Denmark. The trade of Latvia increased 0.4 per cent; that of Russia increased 10.8 per cent.

"In the trade of the United States, Canada, Mexico, Paraguay, Belgium, Denmark, Irish Free State, Portugal, Ceylon, Siam, New Zealand, and Zanzibar the relative decrease was approximately the same in both imports and exports, and in most other countries the difference in the ratios of decrease was small. In a few exceptional cases, however, there was considerable disproportion between the two rates of decline. Exports declined much more than imports in the trade of Sudan and Egypt (cotton), British Malaya (rubber), United Kingdom (textiles, wool, sugar, tin, coal, iron), Union of South Africa (wool, diamonds), Chile (copper, nitrate) and Russia. Imports declined much more than exports in the commerce of Australia, Brazil (textiles, flour, iron, machinery), Germany, Czechoslovakia, Netherland East Indies, Bulgaria, Philippines, and Italy. In some cases the reduction in imports was forced by the exigencies of the financial situation."

Retail Sales Heavier in Dec. 1931 Than 1930

Dollar volume of retail sales in Canada showed a better seasonal upswing during December last than was recorded at the same period in 1930, according to index numbers compiled by the Dominion Bureau of Statistics. The combined index number, based on January, 1929, as 100, rose from 103.1 to 142.2, representing an increase of nearly 38 per cent compared with the rise from 115.1 to 154.5 from November to December the previous year, which was equivalent to 34.2 per cent.

The index numbers are based on returns from 83 chains, comprising approximately 2,700 stores, and 25 departmental stores. No corrections are made for seasonal influences nor for price changes.

Canadian Business Indicators

Compiled by The Financial Post

	Weekly Latest 1932	1931	Cumulative Jan. 1 to date 1932	1931
Transportation—				
Car Loadings (Jan. 30)	40,875	47,618	159,697	175,043
C.P.R. gross earn. (Jan. 31)	$ 2,898,000	$ 3,875,000	$ 8,994,000	$ 11,632,000
C.N.R. gross earn. (Jan. 31)	$ 3,449,865	$ 4,908,328	$ 10,948,329	$ 13,757,094
	Monthly 1931	1930	1931	1930
C.P.R. net earn. (Dec.)	$ 3,676,607	$ 4,203,713	$ 27,763,899	$ 38,687,673
C.N.R. net earn.	......	......	$ 7,585,700	$ 26,510,938
Iron and Steel—				
Pig iron, tons (Dec.)	13,862	38,023	420,038	747,178
Steel, tons (Dec.)	20,969	53,936	673,087	1,009,578
Automobiles prod. No. (Dec.)	2,432	5,622	82,614	154,192
" exports, No. (Dec.)	390	5,317	20,509	46,970
Construction—				
Building Permits (Dec.)	$ 7,897,984	$ 15,440,281	$ 110,971,410	$ 166,879,325
Contracts (Jan. '32)	$ 12,738,300	$ 20,299,100	....	....
Newsprint—				
Production, tons (Dec.)	165,173	184,755	2,220,775	2,504,146
Exports, tons (Nov.)	171,151	173,149	1,846,408	2,105,516
Sugar—				
Imports, raw, lbs. (Dec.)	46,338,100	42,954,000	798,359,500	812,654,100
Manufactured, lbs.*	61,612,767	67,077,137	982,132,339	943,895,209
Flour—				
Production, bbls. (Nov.)	1,175,152	1,789,875	15,498,215	15,419,320
Wheat, bbls. (Nov.)	476,487	792,271	5,245,914	9,328,660
Other Industrial Indices—				
Lumbering: Plank & board exports mill. bd. ft. (Dec.)	56.65	93.8	937.81	1,488.44
Boots & Shoes pr. (Nov.)	1,254,696	1,124,798	16,544,082	16,023,190
Petroleum, crude, gal (Dec.)	61,840,000	69,390,000	1,017,389,333	1,011,783,131
Cotton, imp., raw, lbs. (Dec.)	12,224,000	12,343,000	95,597,602	100,483,000
Rubber, raw, imp., lbs. (Dec.)	5,493,000	3,016,000	56,582,470	64,491,499
Coal, imports, tons (Dec.)	1,025,187	1,223,032	13,531,831	17,619,974
Trade—				
Imports (December)	$ 40,289,795	$ 60,337,934	$ 628,183,576	$1,008,692,778
Exports (December)	$ 53,255,476	$ 66,819,668	$ 605,430,918	$ 835,906,368
Wheat exports, bus. (Dec.)	22,355,975	22,230,397	194,869,713	207,761,067
Labor—				
Employment Index (Jan. '32)	91.6	101.7	....	....
Electric Power—Output—				
M. Kilowatt hours (Dec.)	1,432,182	1,542,308	16,388,398	17,862,729
Finance—				
Failures, No. (Nov.)	213	222	2,020	2,163
Failures, Liabilities (Nov.)	$ 4,335,646	$ 3,295,951	$ 49,595,665	$ 43,861,466
Bank Debits (Dec.)†	$ 2,638,122	$ 3,012,223	$ 31,586,468	$ 37,491,302
Bond sales (Jan. '32)	$ 20,658,111	$ 103,167,603	....	....
Insurance Sales (Dec.)	$ 47,163,000	$ 49,874,000	$ 489,312,000	$ 568,056,000
Automobile Financing:				
Used Cars (Dec.)	$ 989,197	$ 2,340,784	$ 21,054,285	$ 34,367,443
New Cars (Dec.)	$ 816,612	$ 612,978	$ 20,860,871	$ 28,610,731

*Four weeks' period Dec. 12 to Dec. 31.
†(000's omitted).

VANCOUVER FIRMS EXPANDED IN 1931, PLAN 1932 GROWTH

Board of Trade Industrial Report Shows Large Projects Going On

Fifteen major industrial plants operating in Vancouver invested $1,365,000 in 1931 in either building and equipping new factories or enlarging those already at work. The industrial department of the Vancouver Board of Trade summarizes total production in British Columbia in 1931 as follows: industrial output $157,560,000; agricultural production, $55,000,000; fishery output $12,000,000; mining output $36,560,000; and forestry output $51,000,000. Plans under way at present also indicate that even in a time of depression in general business the idea of a depression entertained by certain executives at least is to make some progress in profits and expending sales at any rate.

The Canadian Western Cordage is erecting an addition to its rope mill at New Westminster, B.C., to house specially constructed machinery for the manufacture of binder twine to supply markets offering in the prairie provinces of Western Canada.

The New Westminster branch of the Swift Canadian Co., meat packers and curers of hams and bacon is spending $60,000 enlarging its packing plant.

The Neon Products of Western Canada, the largest manufacturer of Neon display advertising signs in the West, and which operates a large plant at Vancouver, in addition to meeting regular dividend requirements declared a special dividend to shareholders of record, payable December 21, 1931.

Building Big New Bridge

Financing has been completed and engineers are already in the field for the construction of a new bridge across the Fraser River at Ladner, B.C. This will provide a more direct route between Ladner and Vancouver, B.C., as well as an alternate route for tourist traffic from the United States. This bridge will have a lift span 300 feet wide with a vertical clearance 160 feet above high water. The steel structure will be 1117 feet long and all steel used will be fabricated in Vancouver. The bridge will represent a capital expenditure in excess of $3,000,000 and will be completed in 1933.

The Pacific Coast Pipe Co. of Vancouver has been awarded a contract to supply 5000 feet of wire wound 10 inch and 12 inch wood stave pipe. This pipe is needed by the Greater Vancouver Water Board to be used in extending the water service into the adjoining Municipality of Coquitlam.

Longest Power Tunnel Completed

Concrete lining of the 2½ mile tunnel built by the B. C. Electric Co., at Bridge River, B.C. has been completed. Initial development was for generation of 54,000 horsepower at a cost of $14,000,000 with the ultimate capacity estimated at 600,000 h.p. It is the longest power tunnel in the Dominion of Canada. Pacific Engineers Ltd., Vancouver, was awarded the contract for boring, with a bid of $1,249,530.

Preliminary plans are being prepared for the construction of a $64,000 dam to increase irrigation facilities at Penticton, B.C. Additional water is needed to increase production in the orchards adjacent to Penticton.

2,600 cases of British Columbia loganberries are en route to Britain via the Panama Canal. The British market is absorbing about 9,000 cases of this fruit a week, mostly from the United States.

Value of Fishery Products in B. C. dropped off 50 per cent in 1931. Lack of demand for canned salmon is the chief factor in the decline.

BUILDING OUTLOOK SEEN AS UNSETTLED

Guaranty Trust Reviews Prospects For 1932

Factors indicating continued unsettlement in construction during 1932 are reviewed by Guaranty Trust Co. of New York, in its February survey. It is pointed out that building activity during 1931 in the United States was at a considerably lower level than the general level of industry and that current operations are at a lower level than for many years.

The outlook for 1932 is summarized as follows:

"While the outlook for the coming year is uncertain, there are several factors that cannot be overlooked. Even on the assumption that the overbuilt situation was partly corrected during 1929, the depressed state of business since then has resulted in a large amount of idle residential, commercial, and industrial construction, which must be re-occupied before any substantial demand for new construction can be expected.

"Also, regardless of the supply of money and interest rates, the amount available for building purposes will be limited until such time as the demand for new construction warrants its expenditure. Although building costs have declined, many hold the view that construction costs, particularly wages, are still too high.

"From the longer-term view, there is no doubt that a vast amount of contemplated building has been postponed because of the unsettled state of business, and that at the first signs of business recovery much of this contemplated construction will take the form of contracts awarded."

NFLD. 1931 TRADE LOWER BY 18 P.C.

Newsprint a Bright Spot—Mills Operating at Capacity

Newfoundland's exports during 1931 had a total value of $33,537,369 and imports totalled $25,261,701, according to the annual report of the Newfoundland Board of Trade. These figures are about 18 per cent below the previous year when exports had a value of $40,052,000 and imports $31,871,000.

Newsprint provided the brightest spot in the industry of the colony, operating at capacity throughout the year. Newsprint exports from the mills at Cornerbrook and Grand Falls totalled 267,420 tons with a value of $17,135,000.

Fish and blueberry exports were considerably lower than in 1930, though it is stated that prospects for the fisheries industry for 1932 are brighter by reason of the fact that stocks are at a low ebb, the carryover from last year having been small. The value of the fisheries during 1931 is estimated at $3,000,000 compared with $5,500,000 in 1930 and over $10,000,000 in 1929.

Ore exports amounted to 657,435 tons compared with 1,177,961 tons in the previous year.

B. C. INDUSTRIALISTS PLAN TRADE BUREAU

Permanent Exhibition For Empire Projects Being Considered

From Our Own Correspondent

VANCOUVER.—Leading business and industrial interests here are making tentative plans for the formation of a British Empire trade bureau whose purpose will be to serve as a clearing house for trade information between the Motherland and the dominions.

Those behind the scheme—and they include W. G. Murrin, president of B. C. Power Corporation; W. J. Blake Wilson, C. P. R. director and vice-president of P. Burns & Company, and several other heads of large western companies—are contemplating the establishment of a permanent exhibition in Vancouver of Empire goods.

Vancouver Centre of Empire

The plan has been suggested by the recent negotiation of trade agreements with Australia and New Zealand by the Canadian government and the probability of similar arrangements with South Africa. Vancouver is regarded as, in a sense, the centre of the Empire, being the natural meeting place of countries fronting on the Pacific.

The provincial government is behind the movement, and Hon. Nels Lougheed, minister of lands, attended the organization meeting.

"If we are to sell to the Empire we must buy from the Empire," said Mr. Lougheed. "A permanent exhibition of Empire goods cannot fail to further this object."

B. C. May Appoint African Commissioner

From Our Own Correspondent

VANCOUVER.—Appointment of a lumber trade commissioner to South Africa is now being considered by the provincial government.

Most of South Africa's softwood imports are now from the Scandinavian countries, and in spite of the distance to be travelled, it is believed that British Columbia lumber concerns could compete on favorable terms if adequate shipping facilities were provided.

South Africa has always bought a fair volume of B. C. lumber, but it is a field that has never been intensively cultivated. Appointment of a special commissioner, it is believed, would promote interest in B. C. lumber and result in increasing sales.

West Coast Lumber Mills Operate at 21 Per Cent

A total of 325 mills reporting to the West Coast Lumbermen's Association for the week ending January 9, operated at 21.3 per cent capacity, as compared with 16.3 per cent of capacity for the previous holiday week and 34 per cent for the same week last year.

During the week ended January 2, 179 of those plants were reported as closed down and 146 as operating. Those operating reported production as 38.5 per cent of the group capacity.

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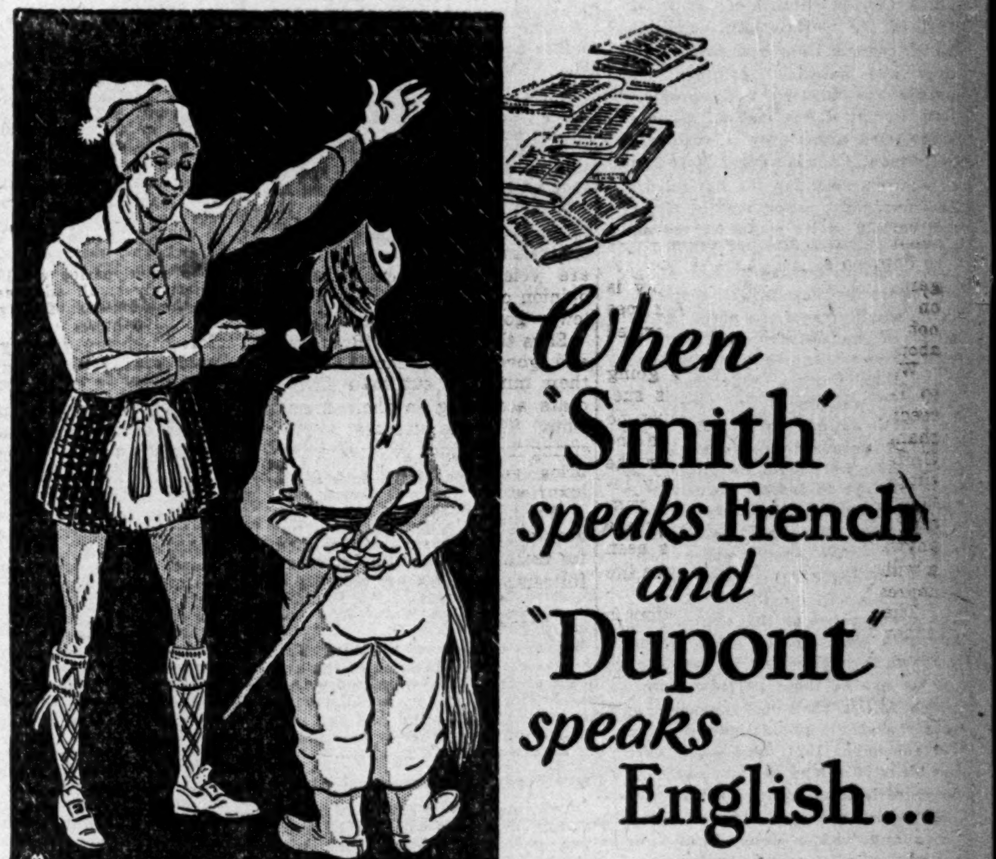

NAMES mean little in Quebec City. Newspaper circulation figures mean less. Owners of old Scotch and Irish names often speak French more fluently than English; many with French names really think in English.

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Shareholders of National Trust Review Company's Business for 1931

Mr. W. E. Rundle, President, and Mr. J. M. Macdonnell, General Manager, Address the Annual Meeting — Report for 1931 Shows Earnings Well Maintained and Increase in Assets — After Payment of Usual Dividends and Provision for Taxes, etc., Company Carried Forward Remaining Earnings Into Open Profit and Loss Account Which Now Stands at $279,857 — Deposits Higher — Strong Liquid Position — Securities Valued Conservatively — Prosperity in East Depends on Prosperity of West — Varied Services of a Trust Company — Mr. Leighton McCarthy, K.C., Elected a Vice-President, and Messrs. E. G. Long, K.C., and Frank P. O'Connor Join Board.

MR. RUNDLE URGES ALL TO DEVELOP INTERNATIONAL MIND

If Facts Are Frankly Faced Many Difficulties Will Disappear — Interdependence of Modern World Felt More Than Ever Before — Understanding and Good-will Essential.

The business of National Trust Company during 1931 was reviewed by Mr. W. E. Rundle, President, and Mr. J. M. Macdonnell, General Manager, at the Annual Meeting of the Company's Shareholders held recently.

The President was in the chair, and Mr. J. C. Breckenridge, General Superintendent, acted as Secretary to the Meeting.

President's Remarks.

In moving the adoption of the Report, Mr. Rundle said:—

This is "Annual Meeting" season. So many have been held recently that shareholders and public alike must be well-nigh surfeited with the views and reviews of financial executives. There is little that has not already been said. However, one or two points occur to me upon which I should like to engage your attention for a few moments.

Present Conditions Command Resourcefulness and Courage

The difficult year 1931 is behind us and the current year in opening finds Canada confronted, as is the rest of the world, with conditions which command our best resourcefulness and sustained courage. Our people are meeting their problems with worthy determination. Some of these must await upon a world-wide betterment. Canada's dependence upon export markets for its agricultural products, pulp, paper, metals, timber and certain of its manufactured and partly manufactured goods, and the restricted purchasing power of its customers for these things, compel us in no small measure to mark time. I know of no country that will be quicker to respond to world improvement than Canada. Our country's essential soundness is recognized both at home and abroad. As to the ultimate future there is no doubt. Meanwhile we should be diligent as never before to inform ourselves on all questions affecting every phase of our position. We should frankly face the facts. We should grasp every nettle. If we do this many of our difficulties will disappear.

A year ago we on this continent at any rate were looking upon the depression through which we were passing as one of those periodic slumps which follow times of expansion as surely as the night follows the day. We remember 1921, 1907—some even the black 90's—and the way out. And we were looking forward to the year 1931 with expectant hope of better times and with a determination on the part of all to profit by the previous months of bitter experience and to order our affairs in conformity with principles and methods which on former occasions had brought us through to brighter days. Much has been done by the nations of the world working in isolation and independent of each other to change and improve organization and methods to meet the new conditions. But as the months have worn on conditions political, economic, social and financial have grown worse, not better, until we now realize that the present depression is not of the usual type, but of a character such as the world has not seen for a century—if ever before in modern times—and that these isolated attempts have but partially succeeded.

Self-Containment and Self-Sufficiency No Longer Possible

The interdependent character of the modern world is being felt to-day more than ever before. The doctrine of self-containment and self-sufficiency alone is no longer possible. It must give way to a larger view—it must recognize that the world to-day depends upon the strength of all its parts. In Canada we have but to reflect upon our own situation to realize the truth of this. Notwithstanding our rich natural resources we must await the return of better buying power abroad to bring prosperity to our farms and our factories. We are vitally interested in the outside world and its recovery. Self-interest alone, if nothing more, demands it.

The well-tested principles and sound methods found so effective in past times of difficulty we must continue to use, and use with even greater fidelity. But it would seem —and it is the point I wish to stress to-day—that we must also develop a better spirit—a spirit of sympathetic understanding and co-operative goodwill throughout the world—if we are to win through. This applies to individuals as well as nations. There are no exceptions. The need is great.

During the Great War we visualized a finer world, at times a millennium, to ensue. Soldiers fought valiantly for it while men and women behind the lines and at home also gave themselves unsparingly. And yet fourteen years after how much jealousy, bitterness, ill-will, fear and lack of confidence is abroad in the world. These are poisoning our national, social, economic, business and financial life. We must find a cure. We can. But we must think and act together. The world must develop its international mind. I have a belief, a more than hope, that progress will be made during 1932. It may not be as much as we would like. If, however, a real start is made our faith and courage will be strengthened, and with new zeal we will face the years.

All Nations Must Develop the International Mind

You will recall that in the fall of 1930 (fifteen months ago) when the first severe shock of unemployment was felt in the United States, the President of that great country, realizing that with winter approaching something must be done to relieve the situation and bring back more normal times, initiated a programme of impressive dimensions. He visualized unemployment as "an army in being" which could only be routed by a nation-wide organization supported by unlimited funds. Such an organization he created with himself at the head. It was magnificent in conception and commanded admiration. Railway, business and financial representatives were called upon to cooperate and "speed up" work. They did. A year has passed, but more millions are out of employment, foreign trade is cut in half, stock exchange prices are demoralized, financial and business failures are reported in large number. Organization while no doubt doing much—and all honor to the great part it must always play—has failed to give the desired result. Its work was limited and hampered by the doctrine of self-containment. Would not more, much more, have been achieved if organization had been inspired by a broader international viewpoint, if there had been a more definite international co-operation? This gospel of self-containment is of course not confined to North America. It is world-wide—perhaps worst of all on the Continent of Europe, where financial and trade restrictions have brought international economic life to a perilously low ebb. But how can this continent and Canada as part of it take a substantial stride forward toward normal times till Europe, to say nothing of the Orient, is restored, and how can Europe restore herself without some assistance from this continent which could facilitate her recovery by the removal of some of the financial and trade barriers which now confront her?

What is the sum of all this? That we have come to the time in the evolution of the world when more than ever before all nations must develop the international mind and act with a spirit of sympathetic understanding and co-operative goodwill.

Urges Study of International Affairs

In closing may I say that understanding and good-will are of little value unless knowledge goes with them. If I am right in the importance I have attributed to the cultivation of the international mind, it follows that the study of international affairs is a matter of the most practical and urgent importance to us all, and I urge it earnestly on all to whom these words may come, especially our young men and our young women. Much good or ill in their own lives and for Canada and the Empire depends upon their response.

Company Has Had Large Measure of Prosperity in 1931

During the year just closed your Company has enjoyed a large measure of prosperity. The fact that in these days our assets have increased and our earnings are only slightly reduced is, I think, a cause for satisfaction.

During Past Year Sir Joseph Flavelle, Bart., Became Chairman of the Board; Mr. W. E. Rundle, President, and Mr. J. M. Macdonnell General Manager

You will expect me to make reference to the changes which have taken place in the Executive Officers of the Company since the last annual meeting. Sir Joseph Flavelle, on retiring from the Presidency, became Chairman of the Board of Directors. I was appointed President and Mr. J. M. Macdonnell was made General Manager.

For the twenty years during which I was General Manager Sir Joseph was President of the Company, and I would like to take this opportunity to pay a tribute to his fidelity to its interests. He was an ideal President. He was always accessible for counsel, night or day, no matter at what inconvenience to himself. His great experience in affairs and his wisdom were always available. His devotion to the interests of the clients of the Company and to those of the shareholders was constant, while his concern for the Executive Officers and the staff could not have been greater. In no small measure is the success of this Company from its inception thirty-four years ago due to Sir Joseph.

Mr. Macdonnell joined the Company in 1911, and was a member of its staff at Toronto Office until 1922, when he was appointed Manager at Montreal Office. He remained in that position until January, 1930, when he was made Assistant General Manager at Head Office, becoming General Manager in May last. My intimate association with Mr. Macdonnell for over twenty years enables me to say to the shareholders that we have in him a man of high character and ability, a man capable of discharging the full duties of the office. He is supported by a staff, not only at the Head Office, but at all the offices of the Company, able and loyal to a high degree, and of which your Directors are justly proud.

In accordance with the By-laws of the Company, the usual inspection of the Company's securities was made during the year by the Inspection Committee, and I have pleasure in laying their report upon the table to-day for your approval.

The usual annual inspection by the Government of the Province of Ontario took place during the year.

Your Directors authorized certain subscriptions to various charitable funds since the last annual meeting, and a resolution in confirmation of these subscriptions will be submitted to you to-day.

Mr. E. G. Long, K.C., and Mr. Frank P. O'Connor Join Board

You will be asked to confirm two By-laws passed during the year by your Directors, the first authorizing the creation of the office of Chairman of the Board of Directors, and the second authorizing the increase of the number of Directors from thirty-four to thirty-six. Your Directors submit to you to fill the two vacancies thus existing on the Board of Directors the names of Mr. E. G. Long, K.C., and Mr. Frank P. O'Connor, both of Toronto. Both of these gentlemen have already proved themselves valued friends of the Company, and your Directors feel sure they will be a valuable addition to the Board.

I desire on behalf of the Board to express appreciation of the services given to the Company's affairs by the Resident Directors at Hamilton, Montreal and Winnipeg; also to acknowledge the valuable services of Messrs. Thomson, Dickson and Shaw, of Edinburgh, the Company's sole agents in Scotland.

Before moving the adoption of the report I shall ask the General Manager to address you.

General Manager's Remarks

The General Manager, Mr. J. M. Macdonnell, then spoke as follows:

Mr. President and Gentlemen:—

Notwithstanding the difficult times through which we are passing, we have had a good year and are able to submit to the shareholders a statement showing progress in the Company's business.

Good Year With Satisfactory Earnings

The net earnings are $546,040.52, which, while like those of other financial institutions somewhat below the earnings of 1930, we believe you will regard as satisfactory. These earnings, together with $249,965.05 brought forward from 1930, make the total at the credit of Profit and Loss Account $796,005.57. This provided for the payment of four quarterly dividends at the rate of 14 per cent. per annum, which is 7 per cent. on the shareholders' investment of $6,000,000 capital and reserve, and for taxes other than taxes on real estate, which latter are of course paid before earnings are shown, and enables us to carry forward $29,892.00 into open Profit and Loss Account, making the total in that account $279,857.05.

Ratio of Liquidity Against Deposits 69.5 Per Cent.

There are certain points in the Balance Sheet to which I should like to direct your attention. Capital and Guaranteed Trust assets are $27,682,145.66 as against $26,940,265.22 a year ago. This increase is accounted for, as you will observe, by an increase in deposits of nearly $1,000,000, which we regard as highly satisfactory in these times. Of our total Capital and Guaranteed assets $9,303,123.83 is in government and municipal bonds, other bonds and debentures, call loans and cash, and $872,974, or less than 3¼ per cent. of the total, is in stocks. During the year we have increased by over $3,000,000 the amount of government and municipal securities held on the above accounts, these now standing at $6,377,107.30. On the other hand, we have reduced our call loans from $3,000,000 a year ago to approximately $370,000. Cash stands at $1,700,000. Thus it will be seen that against total deposits of $14,636,434.70 we have liquid securities amounting to $10,176,097.83 — in other words, a ratio of liquidity of 69.5 per cent.

The valuations of stocks and bonds appearing in the Balance Sheet are arrived at as follows:—

Valuation of Securities

Stocks and bonds, other than government and municipal bonds, are shown in the Balance Sheet at market values on December 31, 1931. The valuation allowed by the Registrar of Loan and Trust Corporations for Ontario is considerably above this figure, or, in other words, we could have shown these assets at figures considerably above those actually shown. The same is true regarding our government and municipal bonds, which are also shown in the Balance Sheet at figures less than the valuation allowed by the Registrar. We have also available in fees collected and held in reserve and in fees accrued but not collected an amount which we could properly have taken into earnings more than enough to enable us to write down to market value our government and municipal bonds.

Real estate held for foreclosure amounts to $392,869.39. This is approximately $180,000 over last year, an increase which I think you will regard as moderate. Office Premises stand at $1,130,066.85—substantially unchanged from a year ago.

Mortgage Investments

The balance of the assets is in mortgages. Our mortgage business was referred to at some length last year and it has not materially changed in the past year.

Our Eastern city mortgages, which are a very substantial part of our mortgage business, continue entirely satisfactory as usual, collections being fully maintained, and I am happy to be able to say that our Western city loans, also a substantial part of our mortgage business, are in a condition as good as those in the East. Our city loaning business is confined almost entirely to Toronto, Montreal, Hamilton, Winnipeg, Saskatoon and Edmonton — the cities in which we have offices.

As regards our farm mortgages in the West, the continued low prices and the severe drought in the southern part of the three Prairie Provinces last year have prevented any improvement. Fortunately, however, the great bulk of our loans is in those parts of the Western provinces which suffered least from drought, and our collections, therefore, both principal, interest and charges, have been in the circumstances satisfactory.

We believe that the experience we have had with our loans this year shows that more efficient and diversified methods of farming, rigid curtailment of buying made possible by living more largely off his own land, and the lessened cost of what he has to buy, have enabled the Western farmer to offset to a material extent the lessened price which he receives. It is no exaggeration to say that the progress made in this direction would have been thought impossible two years ago, and as a result of this it may be said that with average crops and with costs reduced as they are even a moderate improvement in the price would go far to solve the problem of the West.

Wheat and the West

The importance to the whole of Canada of a "come-back" in the West need not be stressed here. It is a plain fact that prosperity in the East depends on the prosperity of the West. Without adopting the dangerous practice of prophesying, this at least can be said, that the twin correctives of decreased production and increased consumption—both the result of low prices—are at work throughout the world, and that the price of wheat, the world's greatest food, cannot over an extended period be out of line with other prices.

In view of the great importance of wheat in our economic life it is of interest to point out that notwithstanding the disastrous shrinkage in international trade during the past two years world shipments of wheat and flour in the crop year, August, 1930-1931, were 786,000,000 bushels, which is slightly above the average of the three preceding years, and that the same is true of the five months' period, August to December, 1931. It is clear from these figures that the world demand for wheat is not shrinking, and confident as we are in the efficiency of our wheat producers we need have no fear of the ultimate outcome of this great industry.

Increased Reserves

As you have been advised at previous annual meetings, we have from time to time made provision for possible losses in our mortgage business. This provision dates almost from the inception of the Company. With the recollection of the depression of the 90's and the mortgage losses then sustained, those responsible for our Company's policy began from the outset to lay aside as a reserve each year a certain percentage of interest collections. This policy continued over many years accumulated substantial reserves, and these, together with other reserves from time to time set up, have enabled us in addition to the writing down of stocks and bonds to which I have already referred, to make large reserves against our mortgage business. Last year we advised you that we had made provision for any possible losses up to that time. Notwithstanding these provisions and notwithstanding the confidence we have in the restoration of better business conditions in the West, we felt it prudent in view of the conditions which obtained during the year 1931 to add substantially to these reserves, and we have accordingly done so.

In our statement under the heading of Capital Assets reference is made to agreements for sale. These amount to $904,771.43, and together with the amount of foreclosed properties, represent the mortgages held originally either for the Company's own account or for the Guaranteed Trust Account which have been foreclosed and, in the case of agreements, sold. The reason that no foreclosed properties or agreements for sale appear under Guaranteed Assets is that it has always been our policy to take over from Guaranteed Account into the Company's own account any properties foreclosed. In other words, the amount of foreclosed properties and of agreements for sale is in respect of the whole of the Company's mortgage business both on Capital and Guaranteed Account amounting to $15,529,308.97.

Work of Estates and Corporate Trust Departments

I turn now from the investment to the more purely service sides of our business — our Estates, Corporate Trust and Transfer Departments. The Balance Sheet gives no adequate idea of the work of these two last as there is no indication in it of the hundreds of millions of dollars of bonds certified by us as trustee for various issues of bonds or debenture stock, nor of the equally large amount represented by stock certificates countersigned by us as transfer agent for the stock of various companies. Nevertheless a very substantial part of our staff, particularly at Toronto and Montreal Offices, is employed in the work of these two departments.

There are two aspects of the work of our service departments which I should like to stress—first, its variety, and secondly, the increasing complexity and difficulties of the duties these departments are called on to discharge.

The varied nature of our services is a source of strength and a means of stabilizing our earnings, inasmuch as when one source of business dwindles, from another we may receive more than usual. At the present time, for example, in our Corporate Trust Department we have not as many new bond issues as three years ago when times were better, but on the other hand our business as receiver and liquidator tends in these difficult days to increase.

The increasing complexity and difficulty to which I referred are due in part to the times through which we are passing. It is needless to say that with the present unusual conditions and with the great variety of assets which is constantly coming into our hands, — entire businesses, shares, real estate, bonds, debentures and securities of all kinds,—we are confronted with problems of realization and management particularly difficult to solve.

It is not an easy time to administer estates, but we believe this very fact will in the end redound to our advantage by proving the value of corporate executorship. We believe it will become obvious that in these times the need for corporate management is greater than ever and that people cannot afford to do without the trained management which Trust Company administration gives.

This is equally true in the case of our Corporate Trust Department. In view of the great variety of property and businesses covered by our bond issue trusteeships and in view of the wide discretions given us by the trust deeds, we are faced from time to time with important and difficult decisions. We endeavor to deal with the problems which arise in a constructive way, believing that thereby we give the most real service to the bondholders and best protect their interest. We find in fact that our functions as corporate trustee are in some degree like those which we assume as executor.

Where companies for whom we act as trustee are forced to default and a receiver is required, it has become a practice of the courts to appoint us receiver and manager, and we have organized ourselves to discharge these functions. This as a natural and well established part of our activity. The legislation under which our Company was created expressly contemplates our acting as liquidator and receiver, and from the very inception of the Company we have handled important corporate matters as liquidator. Furthermore, the nature of the estates coming into our hands as executor now comprises increasing bodies of assets consisting of the securities and shares of incorporated companies. Thus there is an increasing tendency for our Estates Department as well as our Corporate Trust Department to be concerned in matters relating to corporations, and while the work of receiverships and liquidations is primarily delegated to one department, we are able to bring to the discharge of our duties in these capacities not only the experience and knowledge of those officers who devote themselves almost exclusively to this branch of our business but also the combined experience of our whole organization, as well as special services such as those of our Insurance, Real Estate, and Securities Departments.

Transfer Department

Our Transfer Department continues to be one of the most important earning departments in the Company, and though with the lessened activity on the Stock Exchange it has suffered a shrinkage in earnings it has been able by a substantial reduction in staff (the surplus being drafted to other departments), to continue to make a very satisfactory contribution to the Company's earnings.

Co-operative Trust Company Advertising

One particular development of the year I should like to refer to specifically and that is the current advertising campaign conducted on a co-operative basis by a group of Canadian Trust Companies. This particular campaign has, I think, a significance and importance apart altogether from its value on the side of education and information in that it is an outward sign of the spirit of friendliness and mutual respect that has characterized the business relations of the Trust Companies of this country for many years. While in a very real sense our business is competitive, that competition has always had a basis of mutual regard and a definite element of esprit de corps. This feeling is facilitated by the fact that there is still a vast field of possible Trust Company business not touched by any of the companies as yet. This spirit among the Trust Companies is, I think, of the utmost importance since it is plainly in the interest of each individual company that corporate trusteeship as a whole should continue to have the highest reputation and to be conducted on principles universally acknowledged to be sound.

Staff Co-operation

The President has already assured you that the staff is being maintained at a high level of efficiency, and I should like to close by adding a word to what he has said. It is natural that at this time I should wish to express my warm appreciation of the unstinted support my colleagues in all offices and in all departments have given me in the difficult task of succeeding Mr. Rundle. Further I should like to assure you, though it is hardly necessary, that the earnest desire of all of us on the staff is to maintain the fine tradition handed on to us by him, viz., that the secret of efficiency in our relations with the public is whole-hearted good-will and co-operation among ourselves.

Mr. E. R. Wood seconded the motion for the adoption of the Report, which was carried unanimously.

At a subsequent meeting of the Board of Directors, the following elections took place:—Chairman of the Board, Sir Joseph Flavelle, Bart.; President, Mr. W. E. Rundle; Vice-Presidents, Messrs. E. R. Wood, Herbert C. Cox and Leighton McCarthy, K.C.

National Trust Company

Limited

Balance Sheet, 31st December, 1931

ASSETS

Capital Account:			
Office Premises and Safe Deposit Vaults at Toronto, Montreal, Hamilton, Winnipeg, Saskatoon and Edmonton		$1,130,066.85	
Real Estate held for sale under mortgage foreclosure		392,869.39	
Rents due and accrued		3,644.26	
Mortgages (including Agreements for Sale):			
Principal	$2,770,821.60		
Interest due and accrued	148,287.44		
		2,919,109.04	
Loans on Bonds and Stocks		277,055.17	
Securities:			
Dominion of Canada and Provinces of Canada	$227,141.97		
Canadian Municipalities	143,306.48		
Other Bonds and Debentures	152,156.03		
Interest accrued	4,048.03		
		526,652.51	
Stocks		763,824.00	
Advances to Estates, Trusts and Agencies		172,468.04	
Cash in Banks		193,681.42	
Cash on Hand		58,588.52	
			$6,437,959.20
Guaranteed Trust Account:			
Mortgages:			
Principal	$12,365,617.98		
Interest due and accrued	522,272.27		
		$12,887,890.25	
Loans on Bonds and Stocks		91,247.12	
Securities:			
Dominion of Canada and Provinces of Canada	$4,192,093.63		
Canadian Municipalities and School District Debentures	1,814,565.22		
Other Bonds and Debentures	604,580.00		
Interest accrued	83,267.25		
		6,694,506.10	
Stocks		109,150.00	
Cash in Banks		1,379,770.88	
Cash on Hand		81,622.11	
			21,244,186.46
Estates, Trusts and Agency Account:			
Funds and Investments		$237,979,850.14	
			237,979,850.14
			$265,661,995.80

LIABILITIES

Capital Account:			
Capital Stock, subscribed and fully paid	$3,000,000.00		
Reserve Fund	3,000,000.00		
		$6,000,000.00	
Dividend No. 128, payable Jan. 2, 1932		105,000.00	
Mortgages in Process of Completion		1,382.41	
Reserve for Dominion Income Tax		51,719.74	
Profit and Loss		279,857.05	
			$6,437,959.20
Guaranteed Trust Account:			
Trust Funds for Investment		$ 6,607,751.76	
Trust Deposits		14,636,434.70	
			21,244,186.46
Estates, Trusts and Agency Account:			
Estates, Trusts and Agencies		$237,807,382.10	
Due to Company for Advances to Estates, Trusts and Agencies		172,468.04	
			237,979,850.14
			$265,661,995.80

PROFIT AND LOSS ACCOUNT

For Year ending 31st December, 1931

Balance 31st December, 1930	$249,965.05
Net Profits for the year after deducting cost of Management, Directors' and Auditors' Fees, Contingencies, etc.	546,040.52
	$796,005.57
Appropriated as follows:	
Quarterly Dividends:	
Nos. 125 to 128, inclusive, at the rate of 14% per annum	$420,000.00
To provide for Dominion, Provincial and Municipal Taxes other than taxes on Real Estate	96,148.52
Balance Carried Forward	279,857.05
	$796,005.57

Board of Directors:

President: W. E. Rundle

Vice-Presidents: E. R. Wood, Herbert C. Cox, Leighton McCarthy, K.C.

Chairman of the Board: Sir Joseph Flavelle, Bart.

H. B. Walker
J. H. Plummer, D.C.L.
Hon. F. H. Phippen, K.C.
H. J. Fuller
W. M. Birks
E. M. Saunders
Sir John Aird
James Ryrie
Rt. Hon. Sir Thomas White, K.C.M.G.
Harrington E. Walker

Miller Lash, K.C.
A. McT. Campbell
George W. Allan, K.C.
Edward FitzGerald
Carl Riordon
W. H. McWilliams
George W. McLaughlin
W. G. Morrow
F. F. Dalley
Thomas C. Haslett, K.C.
D'Arcy Martin, K.C.

C. S. Wilcox
Walter Molson
Lt.-Col. William Leggat, M.C.
James A. Richardson
J. A. McLeod
G. A. Morrow
G. H. Levy, K.C.
A. N. Mitchell
Frank P. O'Connor
E. G. Long, K.C.

INVESTMENT SECURITIES

T. M. BELL & COMPANY LIMITED

Head Office:
SAINT JOHN, N.B.
Moncton Fredericton

New B. C. Gas Plant

The B. C. Electric Gas & Power Co. are calling for tenders for constructing the foundation for the $800,000 gas plant to be built this year.

THE WORLD AT LARGE

(Continued from page 6)

outside of the Franco-United States sphere of influence, with adoption of sterling notes, without a metallic backing, as a currency basis, "provided that the condition of issue were strictly regulated, and perhaps subjected to some form of international control."

The letter concluded:

"If this were done the world would be divided into two currency groups. The first group would be likely to include the British Empire, South America, China and Japan and the rest of Asia (which would certainly come in if a monometallic silver basis were adopted, and probably in any event) Germany, Italy, Scandinavia, and most of the small European countries. The members of this group would all have currencies based on a single standard, which might be sterling notes or might be silver, or might be something else, but which in any case would have no connection with gold. In these countries gold would have no fixed value, and its price from time to time would be determined by the demands existing for it either for purposes or ornament or to serve as a medium for discharging obligations to members of the other group. There is no reason why these currencies should not prove at least as stable both for internal use and for international use between members of the group as currencies based on the gold standard have been in the past.

"The second group would consist of the United States and France and such European and other countries —probably not very many—as determined to continue to use gold as their currency basis. These countries would also have a stable exchange as between themselves—subject always to their balance of trade remaining in a satisfactory condition, which is a condition which would apply also in the first group. But between members of the first group and members of the second group the exchanges would be fluctuating, just as they have been in the past between gold and silver countries. While this would be a disadvantage to trade between the two groups, it would by no means act as an absolute bar. Much trade has been done in the past and is still being done between countries whose exchange fluctuates. But undoubtedly it would be easier for members of each group to trade with members of the same group than to trade with members of the other group.

"To sum up: there are two disadvantages which would attend such a plan. The first is the disadvantage of using some other and probably less convenient currency basis in place of gold. This would be felt by members of the first group only. The second is the disadvantage arising from the fact that there would be two standards of value in international trade and that though exchanges might be stable as between members of each group they would fluctuate as between the two groups. This disadvantage would affect both groups alike. But both disadvantages are trifling by comparison with the state of general bankruptcy which seems certain to result from any attempt to preserve gold as a general currency basis, and at the same time to satisfy the demands of France and the United States for that metal as the principal medium in which they will accept payment of the amounts due to them by the rest of the world."

* * *

IT WILL be noted that this writer suggested the possibility of silver as a metallic backing for the new sterling unit. This recalls the much publicized plan of John F. Darling, formerly a British banker, for a new Empire currency, to be called the Rex and to be based on silver. The problem created by the schemes of Mr. Darling and others is that they envision the enhancement of silver values as the chief objective of the plan, whereas there is a more important, more fundamental need to be considered—the stabilization of the general price level. So, for the purposes of this discussion the remonetization of silver may be considered a secondary consideration.

* * *

IT IS obvious that the idea of a sterling bloc should appeal to those who are interested in the development along lines of economic integration, of the British Empire. If currencies of the Empire were so interlocked that they were subject to no substantial fluctuations in regard to each other, although they might fluctuate in terms of the currencies of the gold standard countries, trading relationships between the Empire countries would be greatly facilitated.

* * *

JOSEPH Ricardo, writing in "The Iron and Coal Trades Review," London, further elaborated this idea and proposed that in order quickly to resuscitate the trade of Empire countries, Empire countries should all depreciate their respective currencies to the level of the Australian £, and that each member of the Empire should stabilize its currency at that level, so that each would be devalorized to the extent of 30 per cent.

Beneficial results that would ensue, according to Mr. Ricardo, are: that the currency of each member of the Empire would have a par value within the Empire and be at a discount of 30 per cent outside. This would be equivalent to a duty on imports and a bounty on exports of 30 per cent. Each member of the Empire would of necessity make its purchases within the Empire, the Dominions would have an assured market for their products and Great Britain for its manufactured goods. It would reduce the national debt of the Empire by 30 per cent (expressed in gold). The cost of living would not be appreciably increased because the Empire is self-sufficient.

Thus, concludes Mr. Ricardo, all the benefits of protection would be obtained without any of its disadvantages.

* * *

FROM a devaluation to a common level of all the currencies of the Empire to the adoption of either one common coin or one common basis (which would probably be the British £) is not a long jump. The Federation of British Industries appointed a committee to study this problem. On the committee were Rt. Hon. L. S. Amery, Sir Basil Blackett, Sir Robert Horne, Sir Frederick Williams-Taylor and others. They presented, in November last, a very comprehensive report. Their main argument was that the break-down of the international gold standard had raised issue vital to the future welfare of British industry. Britain must not "return to an International Standard until we can be assured, beyond a peradventure, that it will both serve the needs of Great Britain and the Empire, and, that its rules will be loyally observed by the other countries of the world."

They made three main recommendations as follows:

1. An Empire conference to consider a stable Empire currency system.
2. A world conference to re-establish the place of silver in monetary systems.
3. Investment of British funds within the Empire.

* * *

THE proposal for an Imperial Monetary Conference has been embodied in the official policy of the Federation and no doubt will be presented to the Imperial Conference in Ottawa in July.

Strong support for the proposal has come from many quarters. F. C. Goodenough, chairman of Barclay's Bank, has pointed out that various countries of the Empire would insist upon a sound basis for an Empire currency and might not agree to have their respective currencies managed from one centre. But he feels that with each country maintaining its own currency, but basing them all on sterling, a satisfactory Imperial monetary system could be established.

Rt. Hon. Reginald McKenna, chairman of the Midland Bank, has also taken a strong stand for a managed currency as opposed to a currency based on gold.

* * *

OF COURSE there is bound to be opposition. South Africa and Canada, first and second respectively among gold producing countries, are naturally reluctant to subscribe to any plan that will lower the status of gold. South Africa remains on the gold standard while Canada holds to the theory of it, although having abandoned it in practice. What these two countries have to consider is whether the larger markets they might find in the British Empire (or other sterling bloc

(Continued on page 10)

SECOND SECTION

THE FINANCIAL POST

SECOND SECTION

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DAIRY CORP. PROFIT DOWN; SALES HIGHER

Earned $6.82 on Preferred Shares Against $9.61 in 1930

BANK LOANS UP

Made No New Acquisitions But Devoted Efforts to Consolidating Operations

In its second year of operation, a year devoted to consolidation of properties acquired in 1929 and 1930, Dairy Corp. of Canada increased unit volume of sales although decrease in commodity prices caused a reduction in dollar volume of sales to $5,108,972 as compared with $5,765,473 reported for 1930. A smaller margin of profit on sales reduced operating profits to $490,201 from $533,517 and the company earned $6.82 on the 12,358 preferred shares held by the public as against $9.61 per share on 10,274 shares held by the public at the end of 1930. In each year 3,100 shares of preferred stock was held by subsidiary companies. After payment of preferred dividends the class A shares earned 87 cents per share in 1931 and $4.43 in 1930.

The consolidated income account of the company for 1931 shows some decrease in the amount of depreciation reserve and in interest and dividends paid on securities of subsidiary companies held by the public. Non-operating profits which amounted to $15,681 in 1930 do not appear in 1931 while debenture interest has increased to $35,892 from $8,456 and preferred dividends are up to $54,684 from $23,196. The consolidated income and surplus account for 1931 and 1930 are as follows:

CONSOLIDATED INCOME & SURPLUS ACCOUNT

	Year end. Dec. 31 1931 $	June 10. 1929 to Dec. 31 1930 $
Oper. profits	490,201	533,517
Less: Depreciation	153,827	162,417
Int. & divs. of sub. cos.†	207,324	221,470
Profits	129,049	149,629
Non-oper. profits	......	15,681
	129,049	163,310
Less: Deb. interest	35,892	8,456
Amort. deb. disc.	4,070	2,000
Income tax	4,791	18,903
	84,296	135,951
Less: Pref. divid.*	54,684	23,196
Surplus for year	29,612	112,755
Prev. surplus	112,755	......
Consolidated surplus	142,367	112,755

*Less portion received by subsidiary companies, $13,950 in 1931; $13,650 in 1930.

†Interest and dividends on securities of subsidiary companies held by public and adjustment for minority interest in operating profits.

Current assets are lower with reductions in all items except accounts receivable while current liabilities have increased with the exception of accounts payable and bank loans are higher. Included in current assets, cash has been decreased to $19,879 from $52,515 and government bonds at cost are down to $35,454 from $62,134. Accounts and bills receivable, less reserve, are shown at $363,567 against $218,852 in 1930 and amounts receivable on account of sale of debentures stands at $180,400 against $440,000 in 1930. Inventories are down to 451,513 from $464,865.

Bank Loans Are Up

Bank loans, secured, have increased to $594,447 from $406,031, while other bank loans and bills under discount amount to $44,176. Accounts payable and accrued charges are down to $228,607 from $369,032 the preceding year, while interest on debentures, bonds and mortgages are up to $82,904 from $22,285; provision for Federal income taxes is up to $30,000 from $10,977 and dividends declared amount to $17,698 against $23,643 shown in 1930. Ratio of current assets to current liabilities which was 1.48 to 1 in 1930 has been reduced to some 1.07 to 1.

Receivables not due within the year 1932 amount to $69,774 against $164,058 the preceding year; investments in other companies is down to $322,304 from $586,569. Fixed assets are carried at $3,720,404 after depreciation allowance of $345,159 as compared with valuation of $3,458,875 in 1930 after depreciation of $199,854. Deferred charges are very slightly lower at $164,467. Excess of purchase price over book values of capital stock of controlled companies at date of acquisition plus goodwill is shown at $2,047,943 against $1,672,194 in 1930. Total assets amount to $7,390,745.

In addition to current liabilities the company has balance payable reinvestments in subsidiary companies amounting to $390,800 which includes $300,000 on Montreal Dairy Co. and $90,800 on Purity Ice Cream Ltd. Deferred liabilities total $1,985,375 and reserves come to $32,602. Equity of minority interests in subsidiary companies is shown at $848,254 and this compares with $1,096,332 at the end of 1930.

The company has $950,000 of debentures outstanding, which does not include $50,000 held by a subsidiary company, and 15,458 shares of $100 par value preferred of which $3,100 shares are held by subsidiary companies. There has been an increase of 2,084 shares of preferred stock outstanding during 1931. Class A common stock outstanding has increased to 27,448 shares from 25,414 shares in 1930 and class B stock to 36,300 shares from 36,000 shares. Consolidated surplus is up to $142,367 from $112,755.

Montreal Exchange Cuts Bank Stock Minimums

From Our Own Correspondent

MONTREAL.—Following the lead established by the Toronto Stock Exchange, the Montreal Stock Exchange has announced that the following minimum prices will prevail for bank stocks: Montreal, 215; Nova Scotia, 269; Toronto, 193; Commerce, 186; Royal, 211; Dominion, 189; Imperial, 188; and Banque Canadienne Nationale, 155½.

How British Steel Is Winning Canada

Manager of British Steel Export Association Reveals How Rationalization Plan is Building Export Trade to Dominion

Julian I. Piggott, manager of the British Steel Export Association, who visited Canada a year ago to work out a scheme whereby British steel mills might win a larger share of the Canadian market while at the same time pursuing a policy of non-competition with the Canadian manufacturer reported successful results for the effort, in the course of an address delivered in London on Janua.y 27. Addressing the Royal Empire Society Mr. Piggott made these points:

Empire rationalization of industry is practical;

The British steel mills have been able to increase their exports to Canada from three per cent of the total imports to 25 per cent without injuring Canadian mills;

British mills must be prepared to give as good service in the Canadian market as American mills give;

The Pacific Coast presents a special problem:

All lines of British industry should make a closer study of the Canadian market at first hand.

Mr. Piggott spoke as follows:

I feel that the record of an honest attempt on the part of the heavy steel makers to put these ideas to a practical test might be of interest, and also possibly of assistance, to other industries who may be contemplating similar action. It is, I think, now generally admitted that the problem of Empire freer trade, or as some people prefer to call it, Imperial industrial co-operation, must be tackled in the first instance by industries themselves. Government aid is required in the direction of suitable tariff adjustments on the conclusion of mutually satisfactory agreements between industries.

Think on National Lines

I should explain how it comes about that the heavy steel makers were in a position to undertake this investigation. At one time it was the fashion to criticize the steel industry for its inefficiency, its obsolete plant, and its antiquated selling methods, but although forced to carry on through the world depression on the quick-sands of an unprotected home market, the industry has had the foresight and initiative to carry into effect certain corporate policies. In other words, adversity has taught it to think on national rather than individualist lines. One of these activities has been the setting up of an organization for centralized export sales for the range of steel products demanded by the shipbuilding and structural engineering trades.

The British Steel Export Association came into being in October, 1929, with the avowed object, not only of avoiding internal competition as between the various works, but also to put a keen edge on our competitive power on foreign markets; in other words, to secure the maximum export tonnage available. I do not wish to take up too much time with a dissertation on the advantages of combined selling, but it is necessary to emphasize the fact that the association, representing as it does nearly all the leading steel makers of the country, soon found itself in a particularly strong position for negotiation whether with a foreign buyer, shipping and railway companies, or competitors overseas.

Discover Canadian Market

In pursuance of its policy of developing export markets, visits were paid to Canada in 1929 and 1930, which opened the eyes of the industry to the possibilities of the Canadian market. The problem then presented itself how best to increase the sales of British steel at the expense of other foreign suppliers, and without injuring the Canadian steel industry. The steel makers as a whole have for some time been agreed on a policy of co-operation with Dominion producers, and it remained, therefore, to put this policy to the test and ascertain what reactions were to be anticipated from the Dominion themselves.

Policy of Non-Competition

At the beginning of 1931 it was decided that a prolonged visit to Canada should be undertaken, and as manager of the British Steel Export Association I was entrusted with the mission. From the experiences gained on my two previous visits, I had already informed our makers that a policy of non-competition with the Canadian steel works was practicable. The Canadian mills have hitherto limited their production to the lighter sizes of structural sections and plates for which a sufficient demand exists to ensure economic manufacture. The balance of the material used by the structural and engineering industries comprises those heavier lines for the manufacture of which our British mills are peculiarly adapted. It was, therefore, easy to aim from the start at an agreement which preserves light structural steel to the Canadian mills while enlisting their aid in diverting to the United Kingdom as large a proportion as possible of the heavier lines they are forced to import.

Imperial Rationalization

Now this policy is itself the essence of Imperial rationalization. You have all read in articles innumerable that it should be the aim of British industry to work out in conjunction with Dominion producers a scheme of complementary production. In every day language this means—recognize the existence of any Dominion industry which is growing up on sound economic lines, and for the products of which adequate demand exists. Aim at enlisting the aid of the Dominions in diverting to British factories the largest possible proportion of those imports which are now being secured elsewhere. In the particular case of Canada an economic demand exists for the lighter sizes about which I have spoken, but consuming centres are so scattered and demand so intermittent that there has hitherto been no economic justification for an expansion of the industry to take care of the heavier lines.

Canadian Mills Approve

I speedily found that our declared policy of non-competition with the Dominion industry enlisted the sympathy, and even the active assistance, not only of the steel makers themselves, but also of the big consumers and even in highest government circles. It was necessary, however, in order to consolidate this sentiment, to provide practical proof of our sincerity. It must, I think, be admitted that the British industrialist is viewed with a certain amount of distrust by both the Canadian manufacturer and the Canadian consumer, which distrust will persist until he has convinced the former that he is really not out to compete, and the latter that he is able to give good service. Confidence must be created, and this cannot be done in a few days, for the Canadian has little use, speaking generally, for the business representative who spends the inside of a week in Montreal or Toronto on his way to or from New York. I do not think the six months spent in Canada were wasted. Perhaps the most important thing from the point of view of our half-starved mills at home was to secure as much as possible of the tonnage in heavy rolling mill products which have been going in a steady stream to the United States mills ever since the war, and then, having created a feeling of confidence, discussions on co-operation could be initiated.

Americans Entrenched

During these post-war years American steel interests had entrenched themselves firmly in Canada. The Canadian engineering student learns from American text-books. American architects and engineers are permanently resident in Canada, or are ready to visit important centres at 24 hours notice. American steel makers have provided the Canadian consumer with an unrivalled service, and owing to the proximity of the American mills rapid delivery can be guaranteed. Special lake freighters and railway cars have been constructed to facilitate the transport of steel in all its various shapes and sizes. I will go so far as to say that it would have been well-nigh impossible for the dozen or more British mills, separated from the Canadian consuming centres by anything from 3,000 to 6,000 miles of land and sea, to tackle the market with any prospect of real success if they had not agreed to sell on a co-operative basis, but it speaks much for Canadian loyalty to the Old Country, and to the care and attention paid in the execution of the orders by the British steel makers themselves, that the British share of Canada's imports of heavy structural steel has risen from about 8 per cent in 1928 to 25 per cent in 1931. We hope for even better figures in the future.

Is Difficult Market

These may not sound very striking results, but you should remember that Canada, with perhaps the most highly developed and successful of our industrial competitors lying along her southern border, is for that reason an exceptionally difficult market, and therefore differs completely from the other Dominions. For geographical reasons alone Canada must always get some of the steel she requires from the United States.

Speaking personally, I must admit that the feeling of being supported by the entire industry at home enabled me to tackle the market without fear of British competition and greatly facilitated my task, and I should like to pay a tribute to our British mills for the way in which they responded to repeated admonitions that the service we give must be as good as that hitherto provided by our American competitors. Having convinced the Canadian buyer that British steel was every whit as good as anything in the world, and that despite handicaps in transportation we could still be relied upon to deliver the goods, I turned my attention to the problem of rationalization and discussed with the leading Canadian producers close working agreements. I found at the outset that this was going to be a more than difficult job than it would have been had the Canadian steel industry combined to the same extent as the British and there had been one central steel council. There are four main steel producers in Canada, but apart from general understandings as to price there exists little or no co-operation between them, and one had, therefore, to approach them individually. I received the most cordial welcome from them all. In some cases there was found to be little or no competition, in others it was possible to make some slight adjustment in our quotations so as to ensure no overlap, and a close working agreement on sales policy was evolved. Minor difficulties are unavoidable in negotiations of this nature, and I do not wish to convey the impression that it was all plain sailing.

Canada's Steel Market

There arose, for instance, a slight difference of opinion regarding British Columbia. As this point is instructive and not without its importance in the general Canadian problem, I must digress for a moment to describe a little more fully the general configuration of the Canadian market. The population of Canada extends in a ribbon not much more than a couple of hundred miles wide, from Atlantic to Pacific, some 3,000 miles. The bulk of Canada's manufacturers are situated east of the Great Lakes and are thus separated from British Columbia by close on 3,000 miles by rail, to say nothing of the Rocky Mountains. It is often claimed by Eastern Canadian manufacturers that shipment by water can be effected from St. Lawrence ports via the Panama. These shipments are, however, infrequent and cannot compare with the regular weekly sailings from British ports. As regards the steel trade, apart from small rolling mills manufacturing the very lightest types of sections, the British Columbian market cannot support a steel industry. The structural and engineering trades of Vancouver are therefore dependent on cheap seaborne supplies, and since the opening of the Panama Canal the British manufacturer has been as favorably situated with regard to Vancouver as the manufacturers of the eastern states. Certain Ontario and Quebec manufacturing interests have, however, declared themselves openly in favor of tariffs sufficiently high to enable them to sell their products on a competitive basis in Vancouver. The Vancouver consumer on the other hand, has definite views on the subject, objecting, not altogether unreasonably, to paying the heavy rail charges involved in a 3,000 mile haul.

Raises Problem of Tariff

It is thus difficult to see how a tariff high enough to suit the views of the Eastern Canadian manufacturer could be imposed without increasing the cost of living to the inhabitants of the Pacific Coast beyond all reason. During my discussions with the Canadian manufacturers I persistently adopted this view, which was supported whole-heartedly from Vancouver. Neither, may I say, was it frowned upon at Ottawa. It is not for me to anticipate the decisions of the Ottawa Conference, but I would commend to the attention of any industry contemplating an investigation into these problems with their Canadian opposite numbers, to bear carefully in mind the special position of Vancouver.

In emphasizing this feature I do not for a moment wish to convey the impression that I am out of sympathy with the Canadian manufacturer on this point, or fail to appreciate his attitude. It must always be remembered that the Dominion railway systems were constructed for sentimental and political reasons to run east and west, and not north and south, though the latter would have been economically far sounder. The Canadian will point to this fact which he claims as justification for an out and out "Buy Canadian" policy, but one must be realists in these matters, and speaking generally the Pacific province does not desire tariffs which would unduly raise her cost of living.

Hopes for Agreement

In general, however, these discussions with the Canadian steel makers took place in a most friendly atmosphere, and, without being unduly optimistic, I hope that when these questions come to be discussed by the experts at Ottawa, British and Canadian steel makers may go forward hand-in-hand with an agreed tariff policy. Speaking for ourselves, I think that sufficiently detailed information has been obtained for us to be able to formulate certain concrete proposals, which proposals we hope will command the support of Canadian producer and consumer alike. That we shall find in Mr. Bennett a sincere friend I have not the slightest doubt. I had the privilege on a number of occasions of meeting the Canadian premier, who impressed me, not only with his monumental grasp of detail, but also with his deep rooted friendship and affection for the Mother Country. Perhaps he will forgive me if I quote a passage from a letter he wrote me during his recent visit to London. If it carries a message to British Industry I am confident no one would be better pleased than he. Writing on November 28th he says—

"If other industries would follow the example of the steel industry I am sure great advantage would result."

Now is Opportunity

It is my firm conviction that the tide of Imperial sentiment in Canada is running full and that we may never have such another opportunity to work out in conjunction with Canadian industry these problems of Imperial rationalization, which really lie at the foundation of that Economic Empire referred to by Mr. Bennett in a recent speech he made in London.

From the experiences gained during my nine months stay in the Dominion I am firmly convinced that agreement on complementary production is not only possible but desirable from the Canadian and British points of view. The necessary preliminary as may have been gathered from my opening remarks is the establishment, if not of a national council for each individual industry, then at least of a co-operative selling association for the Canadian market authorized to speak for the industry. A boldly proclaimed policy of non-competition with the Canadian industry, backed up by actual practice, will open most doors, and agreement on complementary lines follows as a matter of course. I do not wish to exaggerate the results of our activities in Canada. Our association represents as yet only a portion of the steel output of Great Britain, and orders received form only a percentage of the total steel imports of Canada. What I have endeavored to show is that the policy we have pursued is practical, and is an instance of what can be done if the problem is tackled in an honest spirit of give and take.

The heavy steel industry of Great Britain can, I think, fairly claim to have blazed a trail.

SASK. CO-OP. NOW OPERATED FULLY BY S. C. BURTON

Former Manager Andreasen Resigns — Govt. Expected to Protect Bonds

From Our Own Correspondent

REGINA.—Following the appointment of S. C. Burton as receiver for the Saskatchewan Co-operative Creameries, the resignation of O. W. Andreasen, formerly general manager, was announced, with the statement by Mr. Andreasen that there was not room for two managements. Mr. Andreasen, however, it is understood, will continue to act for some time, in order to assist Mr. Burton in his assumption of responsibility.

The business is already in effective operation by the receiver. Cream shipped by farmers to the different plants of the company is being paid for by express money orders, instead of orders on the company, as was formerly the case, and confidence of shippers is being restored. Milk sales in Regina, where the Creameries Company had an established retail distribution business, showed a tendency to fall off for a few days, especially when it came to the purchase of milk tickets, but this business, Mr. Burton states, is again picking up.

May Be Permanent Receiver

Mr. Burton is currently acting as temporary receiver, but it is understood that the court will shortly be asked by the government to make the appointment permanent. The government is to introduce special legislation at the current session of the legislature with respect to the Creameries Company, but it now seems likely that this will be of a permissive nature only, authorizing the government to sell the plants of the institution. Time will probably be taken to explore the question as to whether or not the farmer customers of the company can be formed into a new company which might take over operations, and whether these patrons would submit to deductions from the proceeds of their cream which would result first in building up operating capital to relieve the government of the responsibility of guaranteeing funds, and in the second place to pay for the plants over a term of years.

Mr. Andreasen continues to be president of the company, but whether the existing board of that company will play any part in the hoped for erection of a new company is as yet uncertain. The rights of the former shareholders of all classes appear to have been effectively extinguished, and the whole institution is essentially the property of the Government of Saskatchewan except for the outstanding first mortgage bonds secured on the properties, formerly belonging to Caulder's Creameries, which were incorporated into the Saskatchewan Co-operative Creameries. Although these are currently in default. It is thought that the government will take steps to protect them with respect to both interest and principal.

Canada Cement Co. Adopts New Product

From Our Own Correspondent

MONTREAL — Canada Cement Co. has undertaken to manufacture and market a new product known as Kalicrete, according to a statement made by J. D. Johnson, president, at the annual meeting of the shareholders.

This is a new product which is an alkali-resisting cement. The company will market in Western Canada where, in certain districts, alkali salts are met with in concentrated form in the soil. The general characteristics of this product are similar to those in Portland cement with special physical and chemical changes adapting it for the particular purpose for which it is intended.

Mr. Johnson also mentioned that the number of company shareholders had increased by 1,307 to 11,046 during the past year.

Canada Northern Power Merchandise Sales Up

From Our Own Correspondent

MONTREAL — Total merchandise sales of Canada Northern Power Corp. during 1931 amounted in value to $135,986, which represented an average monthly sale per customer of $1.32. In the preceding year the total merchandise sales amounted to $118,089, or an average monthly sale per customer of $1.23.

IRON FOUNDRIES BROADENS SCOPE OF OPERATIONS

Will Manufacture Hydrants at Three Rivers Plant

From Our Own Correspondent

MONTREAL.— Canada Iron Foundries is broadening the scope of its activity to include the manufacture of hydrants. Production of the Canadian Ludlow hydrant will be undertaken at the Canada Iron Three Rivers plant and it is also hoped to extend this wider field to the manufacture of valves.

Neither of these products has been embodied in output at Three Rivers up to the present time; one factor for the adoption of the new policy is stated to be the giving of additional work to employees.

Paid Regular Dividends

The financial statement of the company is expected to be available shortly; no figures on earnings for 1931 have as yet been released. Some shrinkage in profits for the past year is to be expected though it is significant that regular dividends on the common at the rate of 3 per cent were distributed in 1931.

ACCEPTANCE CORP. CREDIT POSITION IS STRENGTHENED

Collections Last Year on Better Basis Than 1930

From Our Own Correspondent

MONTREAL. — In addition to showing an increase of 15 per cent in volume of business secured the financial statement of Industrial Acceptance Corp. for 1931 is expected to reveal an improved credit position. Collections during the year are stated to have been more satisfactory than those of the previous period since the company maintained its activities in this connection at a high peak.

Expenses on this account have shown little diminution, a factor which will likely find some reflection in net income. On the other hand, it is stated that the improvement in credit position is clearly apparent, a factor which is of paramount importance to a company of this type.

Collection Difficult in 1930

Proponents of installment financing point to the progress made by Industrial Acceptance Corp. as an indication of the satisfactory position of this kind of credit work. They point out that despite difficult business conditions, the type of credit risk encountered in 1931 was probably better than that faced in 1929 during the boom conditions. At that time individuals were liable to make unwise commitments whereas in 1930 and 1931 buyers on the installment plan were more careful in making their purchases being aware of the precarious position of business.

Consequently companies handling credit paper found collections in 1930 more difficult than was the case in ensuing years owing to the nature of commitments made in the previous year.

Three Major Factors

Three major factors enter into the paper handled by Industrial Acceptance Corp., automobiles, radios and electric refrigerators. Though the company's automobile business fell off by about 10 per cent in 1931 compared with the previous year its contracts with manufacturers of other merchandise more than offset the loss in automotive business.

Various other commodities are financed by Industrial Acceptance, however, and it is this diversification which has enabled the company to secure an increase in new business despite the falling off in automobile financing. That the company secured its share of this class is seen in the fact that the decrease in automobile financing handled by the company was less than 10 per cent in 1931 while there was a drop of 30 per cent in this type of business in Canada as a whole.

America Favors Merger: Europe Leans to Cartel

Centralization of Industry Takes Place in Three Well-defined Eras; Dominion's Record Corresponds to That of the U. S.

By JOHN E. LANGDON

Article Two in Study of Merger Movement in Canada

Reorganizations take place in years of business depression, but mergers occur in years of prosperity, or at such times as abundant credit is available at low interest rates. Thus it is not surprising to find that consolidations are more numerous in those years which are shown on business charts as "prosperity years."

The movement toward industrial centralization has been along lines of definite demarcation for many decades past. The manner in which this has been accomplished varies. European centralization of industry has come through the setting up of cartels, or trade associations, rather than by the merging of companies.

Europe Likes Cartel

Though the cartel movement has grown to considerable magnitude in the United States, and to a lesser extent in Canada, it has received stronger support in Europe than elsewhere. This is not surprising in view of the close proximity of numerous Continental countries, which has made trade agreements more desirable than is the case in the United States or this country.

The most famous of the earlier European cartels was commonly known as "Irma," or to give it its correct title, International Rail Makers' Association. This included a combination of German, Belgian and British rail makers. Later on American operators joined this movement. This cartel has had a varied history, being broken up on several occasions and last re-forming as the European Rail Makers' Association.

Has Rapid Growth

Irma was originally formed nearly half a century ago. By the beginning of 1900 there were some 40 or more other European industries which had decided to follow a similar course of action. When war broke out in 1914 there were 114 recognized international cartels in existence, 28 in coal, iron, steel and other metals; 19 in chemical and allied industries; 18 in transportation, mainly shipping; 15 in textiles; 8 in stoneware and porcelain; 7 in paper and pulp; 6 in stones and earth; 5 in electrical equipment; and 10 in miscellaneous industries.

Reasons for Movement

The great growth in the European cartel movement, however, took place in the post-war years, owing to depreciated purchasing power, the necessity of limiting output, and the desirability of increasing competitive strength in foreign markets.

Among the newer and more powerful groups might be mentioned Copper Exporters, Inc., International Incandescent Lamp Cartel, the zinc cartel; an international association of producers of superphosphates in 17 countries; aluminum cartel; the International Steel Convention; the Magnesia Association; the French and German potash agreement, etc.

States Favor Merger

Turning to the United States one finds that cartels exist, but under the less obnoxious name of trade associations. The majority of these co-operatives undoubtedly attempt to perform the same functions as the better-known international cartels, namely, apportioning of sales areas, limiting production and setting or attempted stabilizing of prices. These associations have had to proceed warily, however, because of the penalties imposed by the Sherman Law and the Clayton Act.

The merging of companies has been carried forward to a greater degree in the United States than in other countries. The first great era of consolidations took place between 1892 and 1902. In that period there came into being such well-known organizations as United States Leather, American Linseed, International Paper, American Woollens, American Writing Paper, American Cement, American Chicle, Republic Iron and Steel, American Locomotive, Allis-Chalmers, United States Steel, International Mercantile Marine and a score of others.

The next period of corporate consolidations centred around 1913 and again between 1925 and 1929. In the latter era there were more mergers than in any other corresponding length of time in the history of the States. There were such mergers as American Home Products Corp., Borden Co., Certain-teed Products Co., Drug Products Inc., Standard Brands, General Foods Corp., Remington-Rand Co., Underwood Typewriter Co., United Biscuit Co. of America, etc.

Canada's Merger Record

The merger record of Canada parallels that of the United States. In the closing years of the 19th century, a number of consolidations were created. They included Bell Telephone Co. of Canada, Duluth-Superior Traction, Massey-Harris Co., and others which have since passed out of existence, either through the doors of the bankruptcy courts or through the process of being merged with other units.

There were occasional mergers from the turn of the century up to 1905, including Wm. A. Rogers Co., Western Canada Flour Mills Co., Granby Consolidated Mining, Smelting and Power Co., Winnipeg Electric Co. and Dominion Textile Co.

Pre-war Mergers

The first great period of corporate consolidations started in 1906 and lasted until the outbreak of the war, reaching its maximum of intensity in 1911. It was during this period that several of the present-day outstanding corporations, and some not so outstanding, came into existence. Brandram-Henderson Paint Co., Consolidated Mining and Smelting Co. of Canada, Canadian Converters and Dominion Rubber Co. were established in 1906.

The following year was one of financial panic in the United States and it was not without effect on Canada, for no merger of prominence came into being in 1907. In 1908 Canada Iron Corp. was formed, which was to last until 1915, when it was taken over by Canada Iron Foundries.

The five years between 1909 and 1913 were boom years for consolidations. In 1909 there appeared on the scene F. N. Burt and Co., Carriage Factories, Canadian Car and Foundry Co., National Breweries Ltd., Canada Cement Co., etc.

Conditions in the next two years were very propitious for merging, and new names appeared in the Canadian corporate field—Canada Bread Co., Belding-Corticelli Co., Canada Machinery Corp., Canadian

(Continued on page 15)

DETROIT BRIDGE COVERS COSTS OF OPERATION

Nets Profit of $55,938 Before Interest and Depreciation

TRAFFIC DOWN 40 P.C.

Accrued Taxes Far Exceed Cash on Hand—Add $239,163 to Depreciation Reserve

Detroit International Bridge Co. completed the year ended December 31, 1931, with net profit of $55,938 before payment of bond and debenture interest or provision for depreciation as compared with a net profit of $395,218 in 1930. After first mortgage interest paid February 1 and other deductions the company showed a net loss for the year of $364,359 without having paid any debenture interest, while in 1930 a loss of $1,367,296 was shown after payment of interest and allowance for depreciation.

Traffic handled during 1931 was approximately 60 per cent of that handled in 1930, it is understood, and J. A. Bower, president of the company, in commenting briefly on operations during the year indicates that while general business conditions have had a material effect the opening of the Detroit-Canada Tunnel has increased transportation facilities beyond the requirements. The company paid interest due on the first mortgage bonds on February 1, 1931, but passed payment on the debenture due at that date and on subsequent payments due on both issues on August 1. The protective committee acting for bond and debenture holders are still asking for deposit of securities. Officers and directors of the company are stated to be acting without salary or fees.

CONS. INCOME AND SURPLUS ACCT. Year Ended December 31

	1931 $	1930 $
Gross rev. from tolls	505,701	892,048
Less: Oper. & admin. expenses	205,327	328,833
Taxes (other than Federal)	247,455	195,053
Net oper. revenue	52,918	368,158
Add: Other income	3,020	27,060
Total revenue	55,938	395,218
Less:		
Int. on notes pay.	1,050	1,832
Int. on bonds	64,880	778,570
Int. on debs.	......	560,000
Amortiz. of funded debt disc. & exp.	112,639	112,639
Amort. of leaseholds & easements	2,389	......
Allow. for deprec. of bridge structure and equip.	239,164	239,958
Bonus paid to contractors applicable to prev. 9 months	......	70,021
Gov't. tax refund, 2% on bond int.	175	......
Loss for year	364,359	1,367,296
Add: Prev. loss	1,512,787	145,492
Less: Reversal of accrual*	233,333	......
Deficit carr. forward	1,643,813	1,512,788

*Aug. 1 to Dec. 31, 1930, for interest in default on funded debt.

The balance sheet of the company at December 31, 1931, shows cash on hand of $95,763 and accounts receivable of $2,799 while current liabilities consist of $5,421 in accounts payable and $195,912 in accrued taxes. Deferred charges amount to $1,747,324 of which $1,406,773 is unamortized funded debt, discount and expense. Fixed assets total $18,200,654 and consist mainly of $2,704,611 in land and $14,161,520 in bridge structure, automotive equipment and furniture which is subject to depreciation reserve of $505,555. Franchises, rights, etc., are carried at another $1,840,078. Depreciation reserve has been increased by $239,163 during the year.

In addition to current liabilities, deferred income is shown at $5,920, while provision has not been made for $1,507,022 of accrued interest on funded debt.

In 1931

The Company's Financial Stability enabled it not only to meet all normal demands, but the unusual strains of a period of depression as well.

Paid to Policyholders $567,219.39	Income During Year $1,160,850.84
Profits for Distribution to Policies $385,249.00	Reserves for Policy Contracts $4,970,971.00
Investment, Contingency and Surplus $440,010.12	Total Assets $6,250,370.97

Bonds, Mortgages and Policy Loans constitute 93.5% of total Investments. After providing for all specific obligations, Surplus Funds for Profits and General Security amount to $616,472.73.

Assets exceed fixed Liabilities by 14%.

BALANCE SHEET, DECEMBER 31, 1931

ASSETS		LIABILITIES	
Bonds, Debentures and Debenture Stocks (ledger value)	$1,582,326.76	Net Reserve under Assurance and Annuity Contracts, including value of Supplementary Contracts	$4,970,971.00
Preferred and Common Stocks (ledger value)	198,181.10	Policyholders' Funds on Deposit	66,385.76
First Mortgages on Real Estate	2,538,334.26	Premiums and Interest in Advance	69,419.68
Real Estate Owned	166,737.63	Sundry Amounts Owing	28,482.32
Loans on Policies secured by Reserves	1,246,366.71	Borrowed for Investment Acct.	66,643.48
Net Outstanding and Deferred Premiums (less cost of collection)	281,338.85	Policyholders' Profit Funds	385,249.00
Interest Outstanding	144,910.20	Investment and Contingency Reserve	280,000.00
Interest and Rents Accrued	88,224.91		$5,867,151.24
Current Cash	3,950.55	Capital and Shareholders' Acct.	223,209.61
		Unassigned Surplus	160,010.12
	$6,250,370.97		$6,250,370.97

THE SOVEREIGN LIFE ASSURANCE COMPANY OF CANADA

HEAD OFFICE - WINNIPEG

SAFETY OF PRINCIPAL | CERTAINTY OF PROFIT

DIVIDEND NOTICES

DIVIDEND NUMBER 224

HOLLINGER CONSOLIDATED GOLD MINES, LIMITED

A dividend of 1% on the Capital Stock of the Company has been declared payable on the 25th day of February, 1932, on which date cheques will be mailed to shareholders of record at the close of business on the 11th day of February, 1932.

Dated the 4th day of February, 1932.

I. McIVOR,
Assistant-Treasurer.

Canadian Silk Products Corporation

Dividend Notice No. 8

Notice is hereby given that a dividend of Thirty-seven and One-half Cents (37½ cents) per share has been declared on Class "A" Shares of no par value, of this Company payable 1st March, 1932, to Shareholders of record at the close of business 15th February, 1932.

By Order of the Board of Directors.

A. A. MUNSTER,
Secretary.

CANADA BREAD COMPANY LIMITED

DIVIDEND NOTICE

Class "B" Preference Shares

NOTICE IS HEREBY GIVEN that a dividend of 50c per share has been declared upon the Class "B" Preference Shares of the Company, payment of same to be made on March 1st, 1932, to shareholders of record at the close of business on the 15th of February, 1932. The transfer books of the Company will be closed from February 16th to 29th, 1932, both days inclusive.

By Order of the Board.

W. S. ANTLIFF, C.A.,
Secretary-Treasurer.

Toronto, Ont., February 8th, 1932.

BELDING-CORTICELLI LIMITED

DIVIDEND No. 69

Notice is hereby given that on the Preference Stock of this Company, the Directors have declared a Quarterly Dividend of 1¾%, payable on the 15th day of March to Shareholders of record at the close of business the 29th day of February, 1932.

By Order of the Board,

D. F. POLLOCK,
Secretary.

The Canadian Bank of Commerce

Dividend No. 180

Notice is hereby given that a dividend of Three per cent on the paid-up capital stock of this Bank has been declared for the quarter ending 29th February, 1932, and that the same will be payable at the Bank and its Branches on and after Tuesday, 1st March next, to shareholders of record at the close of business on the 30th day of January, 1932. The Transfer Books will not be closed.

By Order of the Board,

S. H. LOGAN,
General Manager.

Toronto, 22nd January, 1932.

UNDER THE MANAGEMENT OF POWER CORPORATION OF CANADA LIMITED

East Kootenay Power Co. Limited

Dividend No. 31

A DIVIDEND of One and three-quarters per cent. (1¾%) being at the rate of 7% per annum on the 7% CUMULATIVE PREFERRED STOCK of EAST KOOTENAY POWER COMPANY, LIMITED has been declared for the quarter ending February 29th, 1932, payable March 15th, 1932, to shareholders of record February 29th, 1932.

By order of the Board.

L. C. HASKELL, Secretary.

January 29th, 1932.

Imperial Oil Limited

DIVIDEND

Notice to Shareholders and the Holders of Share Warrants

Notice is hereby given that a dividend of twelve and one-half cents (12½c) per share, has been declared by the Directors of the Company and that the same will be payable in respect of shares specified in any share warrant of the Company of the 1929 issue within three days after the Coupon Serial Number THIRTY-TWO (32) of such share warrant has been presented and delivered to ANY BRANCH OF:

THE ROYAL BANK OF CANADA

such presentation and delivery to be made on or after the 1st day of March, 1932.

Payment to Shareholders of record at the close of business on the 12th day of February, 1932, (and whose shares are represented by share certificates of the 1929 issue) will be made on or after the 1st day of March, 1932.

The books of the Company for the transfer of shares will be closed from the close of business on the 12th day of February, 1932, to the close of business on the 29th day of February, 1932.

BY ORDER OF THE BOARD

F. E. Holbrook,
Secretary.

56 Church Street, Toronto, Ont.

CANADIAN PACIFIC RAILWAY COMPANY

DIVIDEND NOTICE

Preference Stock

At a meeting of the Board of Directors held today a dividend of two per cent on the Preference Stock for the half year ended December 31, 1931, was declared payable April 1, 1932, to Stockholders of record at three p.m. on March 1, 1932.

By order of the Board,

ERNEST ALEXANDER,
Secretary.

Montreal, February 8, 1932.

CANADIAN PACIFIC RAILWAY COMPANY

DIVIDEND NOTICE

Ordinary Stock

At a meeting of the Board of Directors held today a dividend of one and one-quarter per cent (31¼ cents per share) on the Ordinary Capital Stock for the quarter ended December 31, 1931, was declared from the reserve of surplus revenue, payable April 1, 1932, in Canadian funds, to Shareholders of record at 3 p.m. on March 1, 1932.

Hereafter, until further notice, the payment of such dividends as may be declared will be half-yearly. The question of dividend for the first half of 1932 will be considered by the Board at its August meeting.

By order of the Board,

ERNEST ALEXANDER,
Secretary.

Montreal, February 8, 1932.

Shawinigan Registers Reduction in Earnings Of $1,300,000 for 1931

Share Earnings $1.90 as Against $2.65 in 1930

ASSETS READJUSTED

Write Down Securities by $11,220,000 — Premium on U. S. Funds Costly —

From Our Own Correspondent

MONTREAL.—Decline in output with consequent reduction in both gross and net earnings, and several important changes in the balance sheet are features of the annual statement of Shawinigan Water and Power Co. for the year ended December 31, 1931.

Gross income from all sources last year was $13,693,194, or approximately $1,300,000 less than in the preceding year. There was an increase in operating and general expense charges because of the $200,000 premium on United States funds needed for the payment of bond interest. Fixed charges also showed an increase, due to the financing undertaken in October, 1930.

Earn $1.90 a Share

After the deduction of a smaller depreciation reserve, there remained a net income of $4,150,438, or the equivalent of $1.90 a share. This compared with $5,770,670 in 1930, or $2.65 a share. Details of the profit and loss account for the past two years follow:

	1930 $	1931 $
Gross income	14,954,074	13,693,194
Less: Oper. expenses	1,014,657	997,969
Power purchased	1,387,318	1,354,007
Main. & repairs	835,644	657,996
Taxes & insurance	538,256	624,462
Gen. expenses	854,258	868,436
Rentals	302,469	330,211
Prem. U. S. funds	......	200,000
Net earnings	10,021,477	8,660,113
Less: Depreciation	800,000	600,000
Bond interest	3,450,807	3,909,675
Net profit	5,770,670	4,150,438
Less: Dividends	5,445,625	4,901,062
Balance	325,045	†750,624
Add: Trans. from res.	......	400,000
Balance forward	1,010,347	927,079
	1,335,392	576,455

†Deficit.

At the end of last year Shawinigan had total assets of $173,240,843, compared to $172,990,215 at the close of 1930.

Write Down Securities

Securities of subsidiary and other companies are shown on the balance sheet at $23,225,997. In the 1930 statement this figure stood at $32,174,180. The reason for this change is set forth in the report. In the previous balance sheet an item of "capital reserve" of $11,220,111 had been shown as a reduction from the total amount of fixed assets. This amount represented the book profit arising from the valuation of the company's holdings of shares in the St. Maurice Power and Laurentide Power Co. at the cash price paid to outside holders of shares of these companies. Inasmuch as the market quotations of securities of certain subsidiary and other companies which have quoted market prices have declined substantially, the directors considered it advisable to allocate the amount of capital reserve of $11,220,111 to write down the securities account to $23,225,997.

Current assets show a shrinkage from $17,321,873 to $8,068,678, due to capital expenditures carried out by the company during the year.

Current liabilities showed an increase from $3,012,016 to $4,661,332.

Borrow U. S. Funds

An important and interesting change in this group of liabilities is a new item of bills payable amounting to $769,380. Of this sum, $750,000 represents a time loan payable in United States. This money apparently has been earmarked to take care of bond interest payments in the United States.

There has been a general readjustment of reserves. The reserve account which stood at $2,000,000 in 1930 and 1929 has been cut to $1,899,526. The contingent and insurance fund now amounts to $662,010, down from $835,407 a year ago.

Depreciation and renewal reserves show an increase from $8,473,951 to $8,979,071, while surplus account stands at $576,455 (subject to 1931 income tax), against $1,335,392 a year ago.

Reviews Company Operations

In commenting upon the past year's operations, J. E. Aldred, president, had the following to say in part:

Reserve account has been augmented by the addition of $299,526, being profits from the sale of various securities in 1930, and by the amount of an insurance fund created in connection with the Workmen's Compensation Act, the further maintenance of which is unnecessary under the terms of the Compensation Act now in force. From the accumulated reserve fund has been taken the sum of $400,000 to increase the surplus this year so as to permit the absorption of such unforeseen expenses as United States exchange and the additional income tax.

The only major undertaking in which the company is engaged at the present time is the power development at Rapide Blanc on the St. Maurice River.

Owing to the fact that interest on the company's bonds is payable in either Canadian or United States funds at the option of the holder, and because of the discount on Canadian funds in the United States during the latter part of 1931, practically all of this interest must be provided in United States funds. The purchase of the necessary funds in New York has involved your company in an unforeseen expense to the amount of $200,000, and it is hardly necessary to say that so long as there is a disparity in the value of Canadian and United States funds, this element will involve additional items of expense of the same character.

More Shareholders

It is gratifying to report that the shares of the company are now held by 19,120 shareholders, an increase of 1,366 over the number reported for 1930. 15,937 shareholders, representing 1,574,450 shares or 72 per cent are resident in the Dominion of Canada.

Output Off Slightly

The hydraulic and electrical output for 1931 was 3,436,460 kilowatt hours, a decrease of 2.6 per cent as compared with 1930.

The peak load of the electric stations for 1931 was 275,000 horsepower as compared with 731,000 horsepower in 1930 and 722,000 horsepower in 1929.

Extend Wire System

The company has in operation 4,018 miles of transmission and distribution lines as compared with 3,870 miles at the end of 1930 and 1,622 miles in 1924. This system serves either directly or through subsidiaries 111,900 customers, compared with 103,000 at the end of 1930. The company's service now extends to (including the Island and District of Montreal through the sale of power to Montreal Light, Heat & Power Consolidated) 427 cities, towns and municipalities, having a total population of over 2,000,000.

New Industries and Plant Extensions in Canada

Compiled Weekly By The Financial Post

Simms Motor Units, Ltd.—British manufacturers of storage batteries and automotive equipment will form a new Canadian subsidiary — Simms Motor Units of Canada, Ltd. — and extend the operations of the Toronto factory to handle export business of batteries to four other British dominions and to South America. Frederick R. Simms, head of the British parent concern, is chairman of the new company and George P. Dowe, who has been in charge of operations in Canada for several years, is president and managing director.

Canadian Gravure, Ltd. — is the name of a new company emerging from the purchase by the W. F. Hall Printing Co., of Chicago, Ill., of the plant and other assets of the Canadian Gravure Co., Ltd., Toronto. The new owners will make no immediate change in the personnel, and Hugh R. Aird and Douglas D. MacLeod, president and secretary-treasurer respectively of the original firm will remain associated with the new company in an advisory capacity.

A. S. Boyle Co. — United States manufacturers of pharmaceuticals, floor-wax and other household products are planning to build a factory at Windsor, Ont., at a cost of over $50,000. Construction work will be commenced about May 1.

Marks Brothers—of Manville, Alta., propose building a small flour mill in Red Deer. Details are not yet settled, but if negotiations are completed satisfactorily a small plant will be put up at first, planned for later extension

Northeastern Manitoba Flour Mills —have opened a new flour mill at Beausejour, Manitoba. The plant, which has a capacity of 150 bags daily, was recently completed, having cost in the neighborhood of $20,000.

DIVIDEND NOTICES

Borden's

COMMON DIVIDEND No. 88

A quarterly dividend of seventy-five cents (75¢) per share has been declared on the outstanding common stock of this Company, payable March 1st, 1932, to stockholders of record at the close of business February 15th, 1932. Checks will be mailed.

The Borden Company
WM. P. MARSH, *Treasurer*.

BANK OF MONTREAL

Established 1817

DIVIDEND No. 275

NOTICE is hereby given that a DIVIDEND of THREE per cent. upon the paid up Capital Stock of this Institution has been declared for the current quarter, payable on and after TUESDAY, the FIRST day of MARCH next, to Shareholders of record at close of business on 30th January, 1932.

By Order of the Board,

W. A. BOG, General Manager — JACKSON DODDS, General Manager

Montreal, 19th January, 1932.

Penmans Limited

Dividend Notice

Notice is hereby given that a Dividend of Seventy-five Cents (75c) per share has been declared on the Common Stock for the quarter ending on the 31st day of January, 1932, payable on the 15th day of February to Shareholders of record of the 5th day of February, 1932.

By Order of the Board.

C. B. ROBINSON,
Secretary-Treasurer.

Montreal, January 28, 1932.

NOTICE

The British American Oil Company, Limited

NOTICE OF ANNUAL MEETING

THIS NOTICE is directed to the Holders of Share Warrants. To the Holders of registered certificates there has been mailed a notice of such Meeting.

The 25th Annual General Meeting of the Shareholders of The British American Oil Company Limited will be held in the Alexandra Room, King Edward Hotel, King Street East, Toronto, on Monday, February 22nd, at 3 p.m., for the purpose of receiving and considering the report of the Directors covering the operations of the Company for the year 1931, to elect Directors for the ensuing year, and for the transaction of any other business that may properly come before the Meeting.

Holders of Share Warrants, by depositing same, together with statement of their name and address, with The Union Trust Company Limited, Victoria Street, Toronto, before the 19th day of February, 1932, will receive therefor a certificate entitling them to attend the above mentioned Annual General Meeting. If any Share Warrant Holder who has complied with the above condition desires to be represented by proxy he may nominate any registered Shareholder for this purpose. Proxy forms may be obtained at the Office of The Union Trust Company Limited, Victoria Street, Toronto, and must, if presented, be authenticated by exhibition of the certificate of deposit of Share Warrants.

Return of Share Warrants so deposited will be made after the Annual General Meeting or adjournment thereof, upon delivering up to The Union Trust Company Limited, the certificate issued in respect thereof.

P. W. BINNS,
Secretary.

DATED at Toronto, February 11th, 1932.

PAGE HERSEY TUBE EARNED DIVIDENDS IN EVERY QUARTER

Strong Liquid Position is Regarded as Making Continuance Likely

Page-Hersey Tubes common stock in the first week of February, following the publication of the financial statement showing net profits equal to $5.81 a share on the common stock, sank on the Toronto Stock Exchange from 61 to 50. Although the disparity between earnings of $10.33 in 1930 and $5.81 in 1931 may have had some effect on timid shareholders who feared that there would be a dividend reduction in the rate of $5 a share, those close to the company are inclined to attribute the decline to forced selling by weak holders as selling became urgent before the annual statement was out and a company statement had prepared shareholders for some reduction early in the year.

Shares sold in the last three weeks were as follows: 78 shares at 64 and 63 in the week ended January 25; 510 shares at prices from 63 to 61¾ in the week ended February 2; and 743 shares in the week ended February 8. Investors have become accustomed to fear a dividend reduction when urgent selling of this character is accompanied by a fall in quotations, but information comes from an authoritative source that no reduction in dividend has been considered.

Earnings Evenly Spread

It is stated moreover that not only did Page-Hersey Tubes earn 81 cents a share in 1931 more than was required to pay the $5 dividend, but that the company earned more than the quarterly dividend in each successive quarter. No prediction can be made as to 1932 earnings but January sales were ahead of December sales and the position as to 1932 is made more encouraging because of the total net profits of $1,013,739, though spread quite evenly through 1931, slightly more than half is stated to have been earned in the latter part of the year.

Although operations in 1931 dropped to a level comparable with those of the predecessor Page-Hersey company in 1924, profits were greater because manufacturing and sales methods in the interval have become more efficient and because in the meantime the company has cleared away $1,000,000 of first mortgage bonds and redeemed or converted all but 184 of the preferred shares.

New Mill is Efficient

As the company has $3,700,000 in cash, call loans and government bonds, it is in an exceptional position to take advantage of any improvement that may come in business conditions. As the quarterly dividend only requires $220,000 it is pointed out that this strong position would enable the company to continue dividends for a considerable period without seriously impairing the cash position even if the dividend were not earned entirely.

The $2,000,000 seamless tube mill at Welland, completed in the fall of 1931, was entirely paid for out of accumulated earnings and yet the company had $300,000 more in cash at the end of 1931 than at the beginning. Working capital at $5,475,220 represented a strongly liquid position with inventories lower than a year earlier, current assets being ten times current liabilities.

Some shareholders have feared that the new plant might be something of a white elephant because the demand for oil and gas well casings which the plant was built to fill has fallen away considerably under present conditions of overproduction, but it is stated that this mill, the only one of its kind on the continent, can be used to produce most of the other products of the company at lower cost than in the older units of the company.

THE WORLD AT LARGE

(Continued from page 8)

countries) will compensate them for the greater difficulties in trading with gold standard countries and for the loss of prestige of their annual gold production.

Another point to consider is whether or not the dream of skilful management of sterling would become a reality. Would the Empire countries be put at the mercy of such individuals as the Bank of England group who have handled the British £ so badly since the war?

A third point to consider is whether or not the British Empire should abandon gold by itself or do so in co-operation with France, the United States and all nations.

* * *

THERE are many able thinkers who do not see gold as a "sine qua non" of a sound currency and who envision managed currencies in terms larger than of the British Empire. Prof. Gustav Cassel, for instance, is very pessimistic about the possibility of a return to gold throughout the world for many years. He suggests that the countries now off gold make a common declaration that they will not permit inflation (beyond a certain early rise in prices to bring equilibrium between prices and wages) and then tie their currencies to some common standard, which he feels should be sterling. He says:

"Assuming that a group of paper standard countries have united themselves in such a stabilization scheme, the problem arises how could they attain international stability between their currencies. This problem can obviously only be solved if England takes the lead by a definite stabilization of the pound sterling. If this were done, the other countries could make it their programme to keep the rates of exchange on London stable. Their monetary policy would then practically be the same as it used to be in the pre-war history of the gold standard, when a gold standard country only had to look upon the stability of its sterling exchange. What would now be required of these countries would therefore be nothing new nor experimental. Assuming England to take the responsibility for the stability of the purchasing power of the pound sterling, we could reasonably expect the new paper standard system to work well.

"By co-operating in such a plan, the paper standard countries would doubtless be able to create an international monetary system based on principles so sound that it would soon acquire the necessary confidence and thus furnish the basis for the development of a new prosperity."

* * *

Sir Henry Strakosch, in a letter to The Times, says:

Few will doubt that the re-establishment of an international monetary system at the earliest possible moment is urgently to be desired, for, without the facilities to international trade which such a system affords, the world cannot hope to regain the measure of prosperity to which it had become accustomed. And few will doubt that the re-establishment of the gold standard is likely to command far wider support among the nations than the adoption of any other system. But the restoration of confidence in the gold standard is indispensable, and that confidence will not be restored until stability in the value of gold is reasonably assured."

* * *

OTHER economists feel that even the countries now on gold should abandon that "false" standard. But the prospect of the U. S. A. going off gold is very remote, despite much discussion to the contrary and the official French attitude was expressed by the eminent economist, Charles Riot, when he said the other day:

"Now Great Britain is about to commit more errors. Instead of ending instability as soon as possible she complacently toys with the idea of a British Imperial currency based not on gold but chiefly on the ingenuity of persons charged with 'managing' it."

* * *

FINALLY, anyone who has been a close observer of how propaganda machinery works throughout the world may be pardoned if he wonders whether or not those who are fostering the "managed currency"—"sterling bloc"—"anti-gold standard" campaign, are not secretly of the opinion that the world has failed yet to find a better substitute for gold, and are merely trying to raise an anti-gold scare to force a change in French and American tariff and lending policies. If these two countries can be frightened into the belief that their huge hoards of gold may be made less valuable by abandonment of the gold standard by the rest of the world under the leadership of the British Empire, they may be brought around to new ideas and new world policies.

One may suggest the possibility that there is much "bogey" in the campaign without questioning the sincerity of the eminent bankers who, while holding to their fundamental faith in gold, are nevertheless prepared to abandon gold if it cannot be made to work better than it has.

The proposal for a new Empire monetary system, based on something other than gold, will soon be on the daily newspaper front pages and for that reason this outline of some of the "pro's" and "con's" has, it is believed, considerable significance for Canadians.

NOTICES

TORONTO

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DEBENTURES

TENDERS FOR DEBENTURES

Sealed tenders, addressed to the under-signed and marked "Tenders for Debentures No. 1," will be received up to twelve o'clock noon on Saturday, February 20th, 1932, for the purchase of $65,000 (sixty-five thousand dollars) County of Peel debentures bearing six per cent interest and payable in fifteen equal annual instalments as to principal and interest, issued under authority of bye-law 764 to pay fifty per cent of the cost of certain roads and bridges within the County of Peel for the year 1931.

The County has requested Messrs. Long & Daly of Toronto to furnish it with a legal opinion upon these debentures which will be furnished to the purchaser of the debentures at the expense of the County, if and when issued.

The lowest or any tender not necessarily accepted.

DAVID WILSON,
County Clerk, Brampton, Ont.

Dated Feby. 9/1932

TENDERS FOR DEBENTURES

Sealed tenders, addressed to the under-signed and marked "Tenders for Debentures No. 2," will be received up to twelve o'clock noon on Saturday, February 20th, 1932, for the purchase of $57,000 (fifty seven thousand dollars) County of Peel debentures bearing six per cent interest and payable in fifteen equal annual instalments as to principal and interest, issued under authority of bye-law 759 to pay twenty per cent of the cost of construction of certain highways by the Province of Ontario within the County of Peel for the years 1930 and 1931.

The County has requested Messrs. Long & Daly of Toronto to furnish it with a legal opinion upon these debentures which will be furnished to the purchaser of the debentures at the expense of the County, if and when issued.

The lowest or any tender not necessarily accepted.

DAVID WILSON,
County Clerk, Brampton, Ont.

Dated Feby. 9/1932

ANNUAL REPORT OF THE DIRECTORS OF

THE GOODYEAR TIRE AND RUBBER COMPANY OF CANADA, LIMITED

Toronto, February 5th, 1932.

To the Shareholders:—

Your Directors submit a Consolidated Balance Sheet of THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED, and its subsidiary companies, which sets forth the result from the operations for the period of fifteen months from October 1st, 1930, to December 31st, 1931. The fifteen months' statement instead of a twelve months' statement is due to our having changed the closing date of our fiscal year.

The combined operating profits for the fifteen months were $2,746,680.61 after deducting income tax, but before providing for depreciation. During the period covered by this statement, we have set aside for depreciation on buildings and equipment $1,043,694.79 and out of this amount, after deducting obsolescence and depreciation, we carry forward to plant reserve $508,218.62, making a total reserve of $5,473,039.75, which is equivalent to 45.4% of your investment in buildings, plant, machinery and equipment.

After having written off all bad and doubtful accounts, we will carry forward a reserve of $109,689.20 for outstanding accounts. All manufactured goods, goods in process, materials on hand and future commitments have been written down to the market as of December 31st. You will notice from the balance sheet that your Company has $1,057,343.90 in cash, $4,747,660.86 in call loans and Government bonds and $143,398.80 in other stocks and bonds. These amounts aggregate approximately $6,000,000.00 and of this amount quite a large percentage is invested in Canadian Government bonds. These bonds were written down to the market as of December 31st. The write-down on the bonds is quite material, but it is not likely that these bonds will show an actual loss. After providing for depreciation, taxes, all manufacturing, selling and administrative expenses the net profit is $1,702,985.82. In our last annual statement the net result for the year included $313,724.74 profit from export business. This statement includes only $187,419.94 of profits on export business, which amount was from 1930 transactions. This statement, however, includes no profits from 1931 export business, but there will be no losses therefrom. Owing to the greatly disturbed business conditions and extreme fluctuation in the money value of the different countries it would be almost impossible to get a true appraisal of the 1931 export business, therefore it is omitted.

The total current assets amount to $10,479,158.11, as compared with current liabilities of $420,280.08 or a ratio of twenty-five to one. After paying dividends at the rate of 7% per annum, on the Preferred stock of the Company, there remained a balance of net profit of $1,060,228.32, which represents $8.24 a share earned on the Common stock. From this amount we have paid to the Common shareholders $6.25 per share, which leaves a balance of $256,290.82 to be added to surplus. Your net current assets or working capital have been increased by $915,379.14 and net additions to plant and equipment during the year amount to $283,745.42.

The capital stock of your Company was issued in 1927. Since issuing this stock we have redeemed 6,040 Preferred shares and during the year will redeem somewhat over 900 more shares. There have also been redeemed and cancelled 4,670 shares of the Common stock. Each year shows your Company in a stronger financial position, not only adding to surplus, but in the cancellation of the number of shares outstanding.

The year just closed has been very trying and disappointing. The rubber and cotton industries have had their full share of adverse conditions. Both rubber and cotton prices struck a new low level—rubber dropped to 4¾c per pound, showing a decrease of 36.6%, as compared with the previous year, and 76.1% as compared with 1929. As of December 31st, Upland Middling cotton sold for 6½c per pound on the New York market. This price represents a decrease of 37.2% as compared with 1930 and 65.5%, as compared with 1929. Such radical decreases in your crude materials adversely affect your statement.

The sale of tires to the car manufacturers is quite a factor in the tire business, not only for the tires sold direct to the car manufacturers, but on account of its effect on the resale business. The car production in Canada has decreased rapidly since 1929, as has also the importation and exportation of cars, as shown by the following figures:—

Cars Produced in Canada		Cars Imported into Canada		Cars Exported from Canada	
1929	263,295	1930	23,233	1930	45,371
1930	154,192	1931	8,739	1931	14,539
1931	82,621				

This very material reduction in the production of Canadian automobiles, adverse tariffs, embargoes and the variation in the value of money in different countries have had a decidedly adverse effect on the rubber industry. These conditions are reflected by the following summary of unit tire sales by the Canadian Tire Manufacturers to the export trade, to car manufacturers and to the Canadian retail trade:—

	1929	1930	1931
To Export Trade	1,716,403	1,363,269	726,409
To Car Manufacturers	1,152,338	706,099	388,865
To Canadian Retail Trade	1,535,978	1,431,096	1,451,139

Your cost of production has been materially increased through the decrease in volume, increased taxation and the depreciation of our dollar. Material amounts have been taken out of the year's profits for the writing down of manufactured goods, raw materials, bonds, etc. Your merchandise sold during the year was sold at the lowest prices in the history of the rubber industry. However, your statement shows net earnings of $152,581.82 greater than those of your statement for the previous fiscal period.

World conditions are more complicated than they were a year ago. International trade is very much disarranged and there is little stability in the currency of many nations. There is a great deal of political unrest. The purchasing power of both individuals and nations has been materially decreased, prices of nearly all commodities and articles are too low and there is yet much constructive work to be done before stability is reached. We believe Canada to be the soundest nation in the world today with the greatest future. This should be encouraging to those who live in Canada. Owing to disturbed world conditions, it is useless to predict the outcome of your Company's present year's business, but your Company is entering this year with the strongest financial position in its history, a dominant position in the industry and a product even better than that of the past. It should, therefore, be able to secure its full share of whatever business is available.

We appreciate the loyalty and efficiency of the employees of this Company, those who work in the factory to produce such an excellent quality of product, our sales organization, our operating staff and those holding executive positions. They are all responsible for much of the success your Company may have had. Goodwill and active support given over a long period of years by the shareholders have been factors in building your Company. The more adverse the conditions, the more essential it is to have your support.

On behalf of the Board,

C. H. CARLISLE,
President and General Manager.

THE GOODYEAR TIRE and RUBBER COMPANY OF CANADA, LTD. and SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1931

ASSETS

CURRENT AND WORKING ASSETS:		
Cash	$1,057,343.90	
Call loans, and Government bonds at market	4,747,660.86	
		$5,805,004.76
Accounts receivable	$1,550,514.47	
Less—Reserve for bad and doubtful accounts	109,689.20	
		1,440,825.27
Inventories at cost or market, whichever is lower:		
Finished goods	$1,476,302.12	
Goods in process	177,883.02	
Raw materials and supplies	1,579,142.94	
		3,233,328.08
		$10,479,158.11
MISCELLANEOUS INVESTMENTS:		
Stocks and bonds		$143,398.80
REAL ESTATE, BUILDINGS, PLANT, MACHINERY AND EQUIPMENT		12,379,434.78
DEFERRED CHARGES TO OPERATIONS:		
Insurance, taxes and rents paid in advance		50,050.89
		$23,052,042.58

LIABILITIES

CURRENT LIABILITIES:			
Current accounts payable	$178,061.36		
Reserve for income taxes	242,218.72		
			$420,280.08
RESERVES:			
For depreciation of buildings, plant, machinery and equipment	$5,473,039.75		
For raw material commitments	159,161.94		
			5,632,201.69
SIX PER CENT. FIRST MORTGAGE SINKING FUND GOLD BONDS DUE SEPTEMBER 1, 1949, OF THE GOODYEAR COTTON CO. OF CANADA LIMITED:			
Authorized and issued		$2,000,000.00	
Less—In treasury	$553,500.00		
Redeemed	50,000.00	603,500.00	
			1,396,500.00
CAPITAL STOCK:			
Seven per cent. Cumulative Preferred Stock: Authorized—195,000 shares of $100.00 each		$19,500,000.00	
Issued and fully paid—79,498 shares of $100.00 each		$7,949,800.00	
Less—Redeemed 6,040 shares		604,000.00	
			7,345,800.00
Common Stock: Authorized—145,330 shares of no par value of which 128,630 shares have been issued		$128,630.00	
Capital Surplus		463,068.00	
			591,698.00
SURPLUS:			
Balance as of October 1, 1930		$7,409,271.99	
Profit for the period of fifteen months ending December 31, 1931, before providing for depreciation, but after deducting income tax	$2,746,680.61		
Less — Reserve for depreciation	1,043,694.79	1,702,985.82	
		$9,112,257.81	
Deduct—Dividends: On seven per cent. Preferred Stock	$642,757.50		
On no par value Common Stock	803,937.50	1,446,695.00	
			7,665,562.81
			$23,052,042.58

February 2, 1932

To the Shareholders of The Goodyear Tire and Rubber Company of Canada, Limited:

We have examined the books and accounts of The Goodyear Tire and Rubber Company of Canada, Limited, and its subsidiary companies for the period of fifteen months ending December 31, 1931.

We have satisfied ourselves that all charges to Property Accounts are in respect of actual additions, and sufficient provision has been made for accruing depreciation. The stocks on hand have been taken and valued by the Companies at cost or market prices, whichever were lower; the bad debt reserve is considered sufficient to provide for all doubtful accounts; the bank balances and call loans were confirmed by certificates, and we have taken all reasonable precautions to satisfy ourselves that all liabilities as at December 31, 1931 are included in the Balance Sheet.

And we report that, in our opinion, the annexed Consolidated Balance Sheet is drawn up so as to show the true financial position of the Company and its subsidiaries as of that date and the results from the operations for the period of fifteen months ending December 31, 1931, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

PRICE, WATERHOUSE & CO., Auditors.

BOARD OF DIRECTORS

P. W. LITCHFIELD, Chairman, Akron — C. H. CARLISLE, Toronto — C. B. McNAUGHT, Toronto — J. E. McALLISTER, Toronto

P. A. THOMSON, Montreal — C. A. STILLMAN, Akron — C. C. SLUSSER, Akron

EXECUTIVE OFFICERS

C. H. CARLISLE, President and General Manager — C. B. McNAUGHT, Vice-President

R. C. BERKINSHAW, Assistant to the President, Secretary and General Counsel — W. H. JEEVES, Assistant Treasurer

H. A. TIPPLE, Assistant Secretary and Assistant Comptroller — B. W. LANG, Assistant Comptroller

D. J. McCARTHY, General Sales Manager — E. H. KOKEN, General Superintendent — R. P. D. GRAHAM, Manager, Export Department

PRINCIPAL GOODYEAR PRODUCTS

Tires and Tubes

TIRES:—Automobile, Truck, Bus, Airplane and Motorcycle. Solid and Cushion Truck Tires.
TUBES:—Automobile, Truck and Bus (Regular and Heavy Tourist), Airplane. Motorcycle (Endless and Butt End).
ACCESSORIES:—For all Pneumatic Type Tires and Tubes. Repair Fabric and Gum, Rims and Parts, Rubber Cements, Tubing, Vulcanizers' Supplies.

Mechanical Rubber Goods

BELTING:—Transmission, Industrial Conveyor, Grain Elevator and Conveyor, Ore Elevator, Road Grader Conveyor, and other types of belting.
V BELTS:—For automobiles, refrigerators, washing machines, etc.
HOSE:—Garden, Air Drill, Pneumatic Tool, Steam, Water, Fire, Curb Line, Radiator, Golf, Suction, Miscellaneous.
PACKINGS:—Rubber Sheet, Asbestos Sheet, C. I. and C. B. S. Sheet, and Piston.
MISCELLANEOUS:—Molded and Perforated Mats, Corrugated Matting, Steptread (autos), Ore Chute Lining, Bumpers, Valves, Baby Carriage Tire, Pulp Screen Diaphragms, Wringer Rolls and Molded Goods of various descriptions.
GOODYEAR WINGFOOT RUBBER HEELS AND SOLES.

Your Investments

Letters from subscribers to The Financial Post, who desire information bearing on their Canadian investments, will be answered by an early mail, and questions of general interest will be answered on this page. We cannot extend this service to non-subscribers nor do we answer enquiries relating to American stocks or foreign securities generally. A three-cent stamp or stamped envelope must be enclosed. Write mining and insurance enquiries on sheets separate from other investment enquiries. No answers can be given by telephone or telegram. We do not select lists of securities but will supply current facts about securities in a list you may supply. Nor do we attempt to make any forecasts of the probable trend of any security.

The service, in other words, is one of fact and not of opinion.

Business Cycle Effect On Security Prices

New Investor Will Find Study of Economic and Business Trends of His Time Extraordinarily Interesting and Profitable

Whatever may be the future experience with regard to rises and falls in business activity there are not two opinions with regard to the fact that throughout the 19th and the 20th century to date there have been business cycles which consist of continuous recurrences of periods of prosperity, decline, depression, recovery and prosperity once more, starting another cycle. The stock market has been probably the most spectacular barometer of these changes either when made or even when they are pending, and the new investor would do well to keep an active and intelligent interest in the economic, financial and business trends of his time in order to understand properly the position of the securities which he has purchased.

An investor must be an intelligent man whether he is a new investor or an old one. He should through a financial journal and through the direct reports made by companies keep in touch with what is happening in the case of his own company or companies but he should also be awake to the prevailing trends and tendencies of his time. For example, he should understand that business cycles are not determined locally but by the world-wide sweep of effective demand and supply.

Must Watch World Demand

Canada, for example, cannot now or ever be indifferent to the prices of wheat and other agricultural products, to the prices of copper, lead, zinc and all base metals and to the prices of newsprint and lumber and of fish. When people of Great Britain and other European countries refused to pay prices asked for wheat in 1929 and 1930, and movement of grain slowed down to a mere trickle, and when moreover many countries put up great tariff barriers against wheat, flour, butter and cheese, that also was a portent of the increasing intensity of competition, and by the most alert observers was a signal to get out of the stock and security market generally except for gilt-edge securities which they intend to hold until maturity or stocks whose return they felt was secure whatever happened to security prices.

When Demand Grows

On the contrary, in a period such as that from 1900 to 1910 when there was a great expansion in credit in North and South America and in other new developing countries of the world, prices were rising, business was active in the main and stock exchanges reflected the situation. There were even in this period of rising prices depressions which interrupted the general trend and the war came in time to avert a prolonged reaction in prices following the cessation of railroad building and other large capital-creating enterprises.

The remarkable credit facilities which the world enjoyed from 1921 increasingly to 1929 not only increased the consumption of nations able to borrow to a great degree but provided an unexampled number of people with surpluses which they used in speculation. The latter phase of this period when enormous credits were established to finance stock market trading caused the boom, and the necessary withdrawal hastened the collapse which but for credit having been available in such great quantities for stock market speculation might not have been so severe.

Unwise Credit Hastens Collapse

Because there was so much credit available to finance new production, one has seen in the last ten years the productive capacity of the world and to a remarkable degree in Canada and the United States grow beyond anything in past experience. High sugar prices brought so much competition that prices have been low most of the last decade; attempts to hold rubber prices up by the British government by limiting production brought so many Dutch producers in to share profits that overproduction occurred even though consumption was increasing in a remarkable manner and prices are very low in consequence; newsprint prices were so high that even though they have been dropping for ten years they did not drop fast enough to shut out capital that desired to get in and share profits and hence the industry is now an unprofitable one; copper prices were held at a certain figure by powerful producers but new copper properties in Canada, Africa and elsewhere got started under this spur and the price is near the lowest level known; and so coffee, cotton, wheat and other producers have rolled up world surpluses with the help of credit unwisely extended for storage rather than only for transportation and sale which have brought prices to unprofitable levels.

The investor learns therefore to withdraw from investments likely to be affected by drops in prices of important commodities and to judge such drops as likely when there is over-expansion of productive facilities, when products become slow in moving to markets and wherever "orderly marketing" is made a fetish.

Signs of Coming Events

In the pre-war period Thomas Gibson of the New York Stock Exchange analyzed two crucial periods in order to prepare a "set of indications" covering the appearances and signs preceding a large advance or decline in security prices. As this will be interesting to the investor who desires to make his selections in the most favorable period possible as to price, this "set of indications" is given as follows:

Preceding Major Security Price Decline

1. High and rising prices of securities, accompanied by heavy general business.
2. Extended credit conditions, showing the full or over-employment of money. Also high rates for call and time money (in New York City).
3. Large net earnings of railroad and industrial corporations, together with increased dividends and extra distributions.
4. A low rate of return on money invested.
5. Large transactions in securities, with public excitement and enthusiasm.
6. Record breaking bank clearings.
7. A wide and active range of security prices with alternate sharp declines and rapid recoveries. This is the final period of manipulation, during which the public is kept interested and insiders are unloading.

Preceding Major Advance

1. Low and usually moderately declining security prices, accompanied by much irregularity in the price movements of specific stocks. General business dull.
2. Sound or easy credit conditions and low rates for call and time funds (in New York City as best indicator of general conditions on continent, Canadian rates not fluctuating much) indicating much unemployed money.
3. Low net railroad and industrial earnings. Some decreased dividends, receiverships and reorganizations.
4. A high rate of return on money invested.
5. Small transactions in securities. Very little outside speculation.
6. Bank clearings falling. In United States New York City bank clearings should be studied separately as indicating presence or absence of heavy stock exchange transactions and new financing, while in rest of the United States and in Canada clearings reflect general business activity. The normal course is an increase from year to year.
7. A narrow and irregular stock market, with a considerable period of backing and filling. Public apathetic and traders bearish. Far-sighted interests take all offerings. If the market is in the final stage of liquidation, bad news of any kind has no effect. This is the period of accumulation.

Examining these indicators, one sees that every indication mentioned in this list made before the war was present in 1928 and 1929 preceding the collapse of security prices. The railroad earnings were increasing though moderate as compared with corporate earnings but they have to be read in connection with the remarkable evolution of automotive transportation and the inroads made on passenger and freight traffic by buses, trucks and automobiles.

As to the indications preceding a major advance it is evident that most of these are now present except No. 2 referring to "sound or easy credit conditions." There is much unemployed money in the United States and to a smaller extent in Canada but the period of withdrawing credit because of lack of confidence in conditions is not yet over although sound companies can no doubt get money as needed. It is also notable that the present market shows great resistance in most cases to bad news. As such a period shows a high rate of mortality among insufficiently financed companies, it is also a period when the new investor should "watch his step" and buy only such securities as have a sound appeal because of record, return, prospects and market trend.

Lake St. John Power

I hold a $500 6½ per cent bond of Lake St. John Power & Paper Co. and a $1,000 6 per cent bond of Great Lakes Paper Co. What is the market on these bonds at present? Is the interest on the Lake St. John Power & Paper bond in danger and can resumption of interest payments be expected on the Great Lakes Paper Co. bonds?

Neither of my bonds are registered. If I do not sell them would it be advisable for me to register them? How can I do so?

No data as to earnings are available on Lake St. John Power & Paper Co. for 1931, but we understand that bond interest due February 1 will be paid and that sinking fund payments have been kept up to date. In the year ended February 28, 1931, the company earned first mortgage bond interest 1.5 times after depreciation and 2.1 times before depreciation and depletion. During that year the company operated at 63 per cent of capacity.

The future of the company is entirely dependent upon conditions in the newsprint industry, the outlook for which is not particularly satisfactory at the present time. The company has a low cost mill, but also has a power contract which calls for definite payment whether power is used or not. Prices of newsprint were cut by $5 in 1931 and another of $4 is effective in 1932. The premium on U. S. funds has benefitted the company to some extent. The bonds are currently quoted at 58 bid.

Great Lakes Paper Co. has a low cost mill which is now operating at about 40 per cent of capacity. Until the company can secure more business there would seem to be little possibility of resumption of payments of bond interest. The six per cent bonds have a purely nominal market of from 16 to 22 at the present time. If the company can secure additional business it should have little difficulty in meeting charges on its funded debt.

As a registered bondholder you would receive notice of any actions to be taken by the trustees on either of these bonds and if only on this account it might be worth your while to register your bonds. National Trust Co. of Toronto is trustee for the 6½ per cent first mortgage bonds of Lake St. John Power & Paper Co. and is also trustee of the first mortgage bonds of Great Lakes Paper Co. The National Trust Co. is also acting as receiver and manager of Great Lakes Paper Co. on behalf of all holders of first mortgage bonds.

Canada Steamship

Would you please give me some information on Canada Steamship Lines, especially in relation to the general mortgage bonds? Was the last balance sheet satisfactory, and do you think that interest payments on the general mortgage bonds will be continued?

The statement of Canada Steamship Lines for 1931 has not yet been published; when it is released you will be able to get a better idea of the company's position. As at December 31, 1930, the balance sheet, in view of conditions in the succeeding year, was not particularly impressive. Bank loans at the end of 1930 totalled $3,000,000 and current liabilities exceeded current assets by $1,845,500. Against this, however, uncompleted contracts of $1,056,300, were included in current liabilities and completion of these contracts should find reflection in the 1931 balance sheet.

There is little prospect that earnings last year will show an improvement over 1930, and, if this is the case, they will again fall short of interest requirements on the general mortgage bonds, after depreciation. Whether bond interest on the general mortgages will be paid on April 1 cannot be foretold; present quotations on the bonds indicate that the market feels there is a likelihood that there may be a default. Interest was paid last in October, 1931, on the usual date. After payment of all charges in 1930 there was a deficit of $1,107,792, which left a surplus to be carried forward into 1931 of $713,195.

Montreal Telegraph

Please be good enough to give me details of the agreement between Montreal Telegraph Co. and the Great North Western Telegraph Co. of Canada. Is there any guarantee of dividends on shares of Montreal Telegraph Co.?

The agreement entered into in 1881 between Montreal Telegraph Co., the Great North Western Telegraph Co. of Canada and the Western Union Telegraph Co. covered a period of 97 years, or until July 1, 1979. By this agreement the property, valued at $2,151,824, was taken over by Great North Western Telegraph Co. of Canada in consideration of an annual payment of $165,000. This sum is sufficient to provide for dividends at the rate of 8 per cent on the Montreal Telegraph Company's capital of $2,000,000. Government income tax is deducted from dividends paid to shareholders. In addition, operation and maintenance of the property is guaranteed for the 97 years by Western Union Telegraph Co. which also guarantees payment of dividends.

Prince Edward Hotel

Please give me a report on the 7½ per cent First Mortgage bonds of Prince Edward Hotel, Windsor.

The 7½ per cent first mortgage bonds of Prince Edward Hotel mature serially up to 1941 when $500,000 comes due of the original issue of $850,000. A total of $20,000 matured on September 1, 1931, and was retired and the company has paid interest on the bonds to date. Earnings were lower during 1931, but operating expenses were cut and we understand that bond interest was earned before depreciation. No dividends have been paid, however, on the 7 per cent preferred stock for some years. In 1930 the company earned $61,113 after providing for depreciation of $69,982 and after paying first mortgage bond interest amounting to $56,129 a net loss on operations was shown of $5,016. There is not a wide market for these bonds in common with those of most other real estate enterprises.

Life Preserver Co.

I hold some shares in National Life Preserver Co. of Canada, and have heard nothing from this company since 1929. Have you any information as to its position and its prospects?

A petition in bankruptcy was filed against National Life Preserver Company of Canada in April, 1930, and the business was subsequently wound up. Our understanding is that assets were negligible, and shareholders received nothing.

Imperial, Ford

Could you furnish me with information regarding the dividends, if any, paid by Imperial Oil on stock since 1929? I have not noticed any advertisement of dividend payment.

Would you consider stock in the Penninsula Silver Fox and Fur Company, operating near St. Davids, Ontario and in Consolidated Industries a safe and profitable investment at present?

I hold stock in Service Stations, bought at $51, Ford Motor Company of Canada, at $30 and East Crest Company, at $78. Would you advise one to retain these stocks or sell out at present prices?

Imperial Oil has been paying dividends regularly right up to date. The present rate is 50c. a share. At the end of 1930, in addition to the 50c. rate, it also paid a bonus of 50c. a share. That bonus was a special bonus and not one necessarily to be repeated.

We would not care to express an opinion favorable to investing in the various companies mentioned by you at the present time. Fox farming is a speculative pursuit, suitable for a man who puts his own money into the business to back his own experience. Consolidated Industries has expanded rapidly in the last few years, but it will need two or three years more to see whether the new companies manage to make money or not. You should wait in any event for the next financial statement.

Ford Motor Company of Canada has, in common with other automobile companies, had in 1931 greatly decreased business. A purchase of this stock would be made as a speculative proceeding by one who had confidence in the company's prospects entirely because of its record of successful accomplishment in the past. The company is in an exceedingly strong financial position, and should be able to take advantage of improving business, whenever that time comes. However, it has passed its current dividends and business must pick up before investment interest grows keen again. New cars soon to be brought out will affect the company's situation. Service Stations has part of its business in the United States, and the keen competition has brought prices of service station equipment down to almost a non-profit basis. In other departments, it has been doing well but it has had to stop dividends. Its last statement showed a good financial position and by conserving profits it should be able to take advantage of rising business whenever it occurs.

Montreal City Land

I am looking for information on Montreal City Land Co. Can you tell me when the last interest payment was made on this company's bonds, since I understand they are in default?

The last interest payment to be paid on bonds of Montreal City Land Company was paid April 1, 1930; we are informed that there are no immediate prospects of an early resumption of payment. Our understanding is that the company is seeking some relief from taxation, and until this matter is cleared up there is little likelihood of any action being taken on bond interest.

Financial Founders

I ask you to give me your opinion on the "Canadian Financial Founders" as an investment. What is the present and future outlook of this scheme and if you would consider it advisable to invest money in same at the present time?

Purchase of a certificate of Canadian Financial Founders entails regular payment of installments over a ten-year period, if the full result is to be obtained from the investment. From each installment is deducted expenses of the company and premiums on insurance and the remainder is invested in Diversified Trustee Shares series "B," which are deposited with the trustee. At the present time, purchase of these trust shares is handicapped by the high premium on United States funds. An investor in Canadian Financial Founders does not notice this premium, because it is not paid direct, but the sale of shares of United States fixed trusts has been practically stopped in Canada, due to the high premium which must be paid for United States funds.

Canadian Financial Founders offers insurance protection on the unpaid balance of installments and premiums are naturally higher during the first part of the ten-year period. Sales and administration expense are also high during the first year or so and if it were necessary for you to discontinue paying installments after one or two years, you would get a relatively small amount back of the money you had invested.

English Electric

We have lately received from an estate quite an amount of English Electric A and B stock. Up to date for some three or four years it has paid good dividends regularly but I fear it is, no doubt, feeling the strain of the times like other business.

Will you please tell me about its present circumstances and standing and if its future looks good?

On May 19, 1931, in discussing the annual report of English Electric Co. of Canada, for the fiscal year ended December 31, 1930, R. A. Stimson, president and general manager, stated that in common with other industries, manufacturers of electrical machinery suffered from the general business depression and the sales of the company were considerably less than for the previous period. He stated that it was difficult, to forecast, with any degree of accuracy, the immediate future of the electrical equipment business as a whole, but continued to say that the company was in a position to take full advantage of any improvement in the quantity of orders that may develop. Additional lines of manufacture have been added during the year at the St. Catharines works, with a view to further diversification of the company's products.

The situation as to order volume did not change during 1931 except for the worse in the industry but the financial strength of the company has been maintained. We cannot say whether or not the company can maintain dividends until business becomes more active. In a time like this the principal thing is for a company to conserve its liquid resources and financial strength generally. Dividends take second place when earnings drop below requirements. Company has done quite well under the circumstances but there is naturally some uncertainty before the event as to whether early earnings in 1932 will cover dividends.

Wants to Invest $17,000

What are the prospects for B. A. Oil, Ford of Canada, Steel of Canada, and Massey-Harris common stocks for a long hold?

I have in mind the investment of about $15,000 for income and $2,000 or $3,000 for quick turns.

B. A. Oil's year is shortly coming to a close and in a month or two there will be available its annual statement showing exactly what has been accomplished during the last year of adverse business. There has been no consideration by directors at any meeting, we are informed, of any proposal to cut or pass the dividend. In fact, it is intimated that earnings have been satisfactory to the board.

Steel of Canada naturally has felt in its total volume of business the adverse period through which the world is passing. This company naturally has its busiest time when all business is active as steel enters into every department of modern life. It is very strong financially and has an excellent record for decades.

Ford of Canada was obliged to drop its dividends recently because of the lower level of business in 1931. The early prospects are rather obscure as the company is expected to bring out new cars, and it is difficult to say before the event what the reception will be. Every car heretofore brought out by the company has been well received and with a company of the outstanding financial strength of Ford the outlook over many years can be considered good whatever may be the experience for a year here and there.

Massey-Harris will depend upon the return of buying power to the agricultural populations of the world for its recovery. The company is owed enormous sums of money and has very large inventories on hand to dispose of when the market is ready to take them. Its expenses have been cut to the bone during the current year, and it is anticipated that all these factors will be of value to it when farmers are once more in the market. But it owes the banks $11,000,000 and that debt will be given precedence over dividends.

Mining Enquiries

Mining questions and problems submitted by subscribers of The Financial Post will be answered by letter and those of general interest will be published on this page. We cannot extend this service to non-subscribers. A three-cent stamp or stamped envelope must always be enclosed to cover the direct reply. Write general investment and insurance enquiries on sheets separate from mining enquiries. No answers can be given by telephone or telegram.

La Rose Rouyn Mines

One of our clients has asked us to obtain advice from you as to the advisability or otherwise of putting up cash for the purchase of La Rose Rouyn Mines Ltd. shares now being offered.

Do you recommend the subscription by a party who cannot afford to run much risk? Do you know anything about the management of the new company?

The success of the company in the past has not been such as to inspire confidence in the future and the offer made is just another effort to finance a company that has been unsuccessful in its previous operations.

Sherritt-Gordon Mines

I am interested in the development of mining in Canada and should like some information on Sherritt-Gordon. Is it a good speculation at this time if the stock is held until we get "around the corner"?

Sherritt-Gordon has demonstrated that it is a low cost copper producer, but the chaotic state of the copper industry is seriously cramping the company's activities. The present market valuation of the company is less than the cost of its improvements. It has one unit of a three-unit mill in operation and is currently treating around 900 tons of ore daily and producing copper at a cost of approximately 5.6 cents a pound. The difficulty with Sherritt-Gordon in past months has not been so much with its ability to produce copper below current selling prices, but to dispose of it, and it is known that the company has accumulated stocks which it has not marketed. In order to keep operations going it has been necessary to borrow against these stocks. Until an improvement in the copper situation comes and Sherritt-Gordon works out of its indebtedness there is little to guide one in making commitments in the company's stock.

Oil Selections

I have been advised that Oil Selections at 3½c is a good buy for holding about a year when if the prorationing is lifted, the shares may become worth around $1. What is your opinion on this?

Oil Selections Ltd. was promoted to develop oil leases in Western Canada, but although money was raised for this purpose no development programme was completed. The company abandoned its efforts in Western Canada and became interested in the East Texas field where at last report it had two wells producing under the proration measures.

The original capitalization of the company was 1,000,000 shares and although it did not carry out any definite programme it increased its capitalization to 2,000,000 shares last July.

With the over production of oil in evidence in the Texas field and elsewhere there is little on which to base hope for immediate correction of this situation that would increase the earnings of the companies concerned.

No financial statement has been published showing how moneys raised were disbursed. The stock has been quite active at times, but it has not been on account of the company's earnings position.

Nordon Corporation

May I have an opinion of Nordon Oil? I remember that it sold at $2 some little time ago and now is only about twelve cents.

Is the company well managed? Has it sufficient surplus to carry on successfully? What chances has it for making a success from a stockholder's point of view?

Your advice will be appreciated very much as your opinion in the past has stood me in good stead.

Nordon Corporation is headed by a group of well-known geologists with long experience. The success of the company rests principally in some one of its extensive holdings developing into an oil field of importance. In the past three years the company has been active in acquiring potential oil acreage based on its own geologizing. To develop these holdings it has given a share interest to a drilling company, but to date none of its exploration work has proven commercially successful. At the present time the best that can be said of the company is that it has made an aggressive effort to develop holdings, both in United States and Canada, but has not met with outstanding success. The company has very large holdings, most of which are yet to be explored. The company is without any real money of its own and has had to rely principally on making drilling arrangements with other firms.

Coast Copper Co.

Will you please give me a report on the present position of the Coast Copper Co. and its likelihood of becoming a producer in the near future?

The Coast Copper Co. shared the fate of most of the copper prospects under development, in that the present price of copper did not warrant development operations being pressed. In the case of Coast Copper development work to date has indicated that it would be a property of importance were copper prices at higher levels. This property was one of several copper prospects owned by Consolidated Mining & Smelting Co. on the Pacific coast. It was Smelters' plan to build a copper smelter on the coast to take the production of these various properties as soon as sufficient tonnage of ore had been proven to warrant such a programme. The future of the company is largely tied up with the return of higher prices for copper, but the chaotic condition of the copper industry in general does not lend much hope for improved conditions in the immediate future.

Amulet Mines

I would like to get some information and your opinion regarding an investment in Amulet Mines.

Amulet Mines, in the few months it operated, demonstrated that it is a low cost producer, and given a higher price for copper should be able to show a profit. The present chaotic state of the copper industry and the potential production available does not lend hope for an early improvement in conditions that would permit small operators like Amulet resuming operations.

The company has proven up a substantial tonnage of ore and is already to resume operations once conditions become right. It has incurred a loan of approximately $100,000 which will have to be paid back when operations are resumed.

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Editorials that inform
Have you read them this week on page 6?

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Current Events in Banking World

CITY AND DISTRICT BANK EARNINGS HIGHER IN 1931

Strong Liquid Position is Feature of Current Report

From Our Own Correspondent

MONTREAL. — Earnings of Montreal City and District Savings Bank showed a gain in 1931 over the previous year and financial position was maintained. A feature of the bank's statement of affairs is the fact that liquid assets were equal to 105.61 per cent of liabilities to the public.

The balance sheet shows an increase in holdings of government and municipal bonds and in saving deposits with declines in cash, demand deposits and call loans. Total assets were higher by $2,422,000 at $63,965,080.

Profits last year were $366,135 compared with $363,022 in 1930. Earnings on the $2,000,000 of capital stock were equal to $18.30 a share against $18.15 a share in the previous year and disbursements totalling $14 a share were made in 1931. These comprised the regular dividend of 12 per cent plus two bonuses of 1 per cent.

Profit and Loss Figures

Following is a comparison of profit and loss figures:

	1931	1930	1929
	$	$	$
Previous bal.	246,459	169,737	43,750
Year's profit	366,135	363,022	369,537
Totals	612,594	532,759	413,287
Deduct:			
Dividends	280,000	280,000	240,000
†Charity	5,465	6,300	3,550
	285,465	286,300	243,550
Bal. forward	327,129	246,459	169,737

Note:—†In addition to which, the bank distributed $10,200 interest on Charity Donation fund which is invested in Dominion and municipal securities approved by the Dominion Government.

The balance sheet shows cash down $454,000 at $6,761,013 and call loans lower by $706,000 at $7,037,456. Government bonds, however, have been increased by $1,612,000 to $22,480,387; municipal bond holdings are up $1,068,000 at $23,145,153 and bonds of utility corporations are higher by $918,000 at $2,881,927. Bank premises are unchanged at $1,170,000. Foreign government bonds of $10,000 are eliminated in the present statement.

In liabilities savings deposits are higher by $434,000 at $55,703,040 but demand deposits are off from $144,019 to $49,309. Other liabilities, unspecified, show a sharp gain totalling $3,505,599 compared with $1,503,814 at the end of the previous year.

Bank Chat

The Canadian Bank of Commerce announce the following staff changes:

A. B. COLERICK, recently auditor at head office, has been appointed assistant manager at Chatham, Ont.

R. H. HUNTER, formerly assistant manager at Chatham, Ont., has been appointed manager at Trenton, Ont.

G. B. KEY, formerly manager at Goldpines, Ont., has been appointed manager at Foxwarren, Man.

F. F. TRIBE, formerly accountant at Portage & Garry branch, Winnipeg, has been appointed manager of the Selkirk and McGregor branch, Winnipeg.

W. TORRIE has been appointed manager of the Kingston, Jamaica, branch of the Bank of Nova Scotia, succeeding G. C. WAINWRIGHT, who is retiring on pension.

December Bank Deposits At Lowest in 5 Years

December Statement of Chartered Banks Shows Strong Liquid Position — Credit Conditions Show Firmer Tendency

Grand total of assets of the ten Canadian chartered banks, as at December 31 last, fell below the three billion dollar mark for the first time for several years. The actual total, $2,997,672,792 was over $135,000,000 below the total for the previous month and more than $146,000,000 below the figure for December, 1930. The decline from the December, 1929, was over half a billion dollars.

Immediately available resources, which omits all securities and loans excepting Canadian government securities and call loans abroad, were over $400,000,000 lower at $906,000,000 than at the end of the previous year, the greatest individual change occurring in the volume of government securities which was over $69,000,000 higher at $478,000,000.

Deposits At Low Point

Liabilities to the public totalled $2,664,000,000, at which they were about $144,500,000 less than the figure for the preceding year-end. Net balances due to the Dominion government, which had jumped up from under $40,000,000 in October last to $113,000,000 in November, due to bank commitments in respect of the National Service Loan, eased in December to $111,000,000, which compares with $27,000,000 for this item at the end of 1930. Demand and savings deposits were at the lowest point for any month since the end of 1926 at $1,926,627,000, being about $141,000,000 less than at the end of 1930.

Credit conditions, as measured by The Financial Post index for December are somewhat firmer than a month ago. The index is the ratio of Canadian current loans to demand and savings deposits in Canada, and it stood at 63.1 per cent as compared with 62.6 per cent in November. The ratio a year ago was 65.4 per cent.

The Financial Post analysis of the bank statement is as follows:

ASSETS

	Dec., 1931	Nov., 1931	Change	Dec., 1930	Change
	$	$	$	$	$
Immediately Available Liquid Resources					
Specie	65,816,786	87,610,799	— 21,794,013	84,038,609	— 18,221,823
Dom. notes	128,860,547	153,647,679	— 24,787,132	126,888,728	+ 1,971,819
Gold reserve	25,731,732	25,380,866	+ 350,866	32,580,866	— 6,849,134
Foreign banks	109,682,391	94,729,460	+ 14,952,931	89,804,632	+ 19,877,759
Foreign curr.	14,736,182	19,115,744	— 4,379,562	22,211,153	— 7,474,971
Gov't. secs.	477,912,303	507,763,726	— 29,851,423	408,589,260	+ 69,323,043
*Call loans ab'd.	83,124,317	112,746,901	— 29,622,584	145,904,776	— 62,780,459
	905,864,258	1,000,995,175	— 95,130,917	910,018,024	— 4,153,766
Loans and Securities Other Than Those of Canadian Government					
Public secs.	154,109,577	155,122,880	— 1,013,303	128,070,741	+ 26,038,836
Railway secs.	62,010,798	56,603,050	+ 5,407,748	67,448,882	— 5,438,084
Can. call loans.	134,730,957	156,896,490	— 22,165,533	204,781,345	— 70,050,388
Current loans	1,082,097,360	1,102,493,179	— 20,395,819	1,149,175,118	— 67,077,758
Loans abroad	188,357,012	183,745,752	+ 4,611,260	213,965,402	— 25,608,390
*Prov. loans	45,557,589	42,049,351	+ 3,508,238	29,680,467	+ 15,877,122
*Mun. loans	125,689,588	118,132,172	+ 7,557,416	96,182,688	+ 29,506,900
	1,792,552,881	1,815,042,874	— 22,489,993	1,889,304,643	— 96,751,762
Other Assets					
Non.-curr. loans	10,327,706	10,893,742	— 566,036	7,428,476	+ 2,899,230
Real estate	6,567,341	6,421,626	+ 145,715	5,831,913	+ 735,428
Mortgages	6,252,704	6,218,383	+ 34,321	7,035,637	— 782,933
Premises	79,785,470	79,852,150	— 66,680	78,559,505	+ 1,225,965
*Lets. of credit.	55,473,413	58,942,809	— 3,469,396	78,359,018	— 22,885,605
Loans to comp.	14,311,291	14,378,759	— 67,468	11,968,601	+ 2,342,690
Other assets	1,576,910	1,723,446	— 146,536	1,584,143	— 7,233
	174,294,835	178,430,915	— 4,136,080	190,767,293	— 16,472,458
Total	2,872,711,974	2,994,468,964	—121,756,990	2,990,089,960	—117,377,986
Note cir. dep.	6,823,976	6,814,809	+ 9,167	6,799,788	+ 24,188
Int. bank bal.	118,136,842	131,746,695	— 13,609,853	146,866,265	— 28,729,423
Gross	2,997,672,792	3,133,030,468	—135,357,676	3,143,756,013	—146,083,221
LIABILITIES					
To the Public					
Circulation	141,013,382	145,533,231	— 4,519,849	148,017,056	— 7,003,674
Dom Gov't.	111,098,699	113,113,060	— 2,014,361	26,901,871	+ 87,196,828
Prov. Gov't.	19,787,120	18,081,259	+ 1,705,861	20,631,434	— 844,314
Gov't. advances	46,500,000	66,000,000	— 19,500,000	20,500,000	+ 26,000,000
Deposits by Public					
Demand dep.	566,584,565	617,038,655	— 50,454,090	641,694,317	— 75,109,752
Savings dep.	1,360,042,129	1,395,829,124	— 35,786,995	1,425,845,166	— 65,803,037
*Total	1,926,626,694	2,012,867,779	— 86,241,085	2,067,539,483	—140,912,789
Foreign dep.	310,086,314	320,208,199	— 10,121,885	372,275,709	— 62,189,395
Due to Banks Abroad, Etc.					
Un. Kingdom	4,849,181	5,741,705	— 892,524	5,757,024	— 907,843
*Foreign	42,323,072	55,365,871	— 13,042,799	59,289,286	— 16,966,214
Bills payable	3,214,559	3,596,118	— 381,559	5,293,321	— 2,078,762
Lets. of credit	55,473,413	58,942,809	— 3,469,396	78,359,018	— 22,885,605
Other liab.	2,977,503	3,127,455	— 149,952	3,831,805	— 854,302
*Public liab.	2,663,949,937	2,802,577,486	—138,627,549	2,808,396,007	—144,446,070
Due bet. bands.	11,384,920	10,056,036	+ 1,328,884	12,807,469	— 1,422,549
Liability to Shareholders					
Dividends	782,807	3,516,055	— 2,733,248	872,672	— 89,865
Reserve	162,000,000	162,000,000	....	162,225,000	— 225,000
Capital	144,500,000	144,500,000	....	145,024,560	— 524,560
*Gross	2,982,617,664	3,122,649,577	—140,031,913	3,129,325,708	—146,708,044
Credit Index	63.1%	62.6%	+ 0.6%	65.4%	— 2.3%

*Ratio of current and call loans in Canada to demand and savings deposits in Canada.

Federal Fire Ins. Co. Show Increased Assets

Expansion of total assets and investments is shown by the Federal Fire Insurance Co. in its annual statement for year ending December 31, 1931. Surplus account was higher than for the preceding year at $135,247, this being after taking in bonds and debentures at book value, $334,991—which is below the government valuation.

Including interest due and accrued, holdings of bonds and debentures amounted to $337,722, compared with $322,174 at the close of 1930. Stocks, taken at June 30 valuation, amounted to $25,300 as against $28,800 for the previous year. Other assets include cash, $31,833 and net agents' balances and unpaid premiums, $25,926. Liabilities include $149,549 reserve for unearned premiums at 80 per cent.

The subscribed capital is $500,000 of which 25 per cent is paid up. The first dividend on paid-up capital was declared at the rate of 5 per cent per annum, payable half yearly.

Wellington Fire Issues Satisfactory Statement

Wellington Fire Insurance Co. in its annual statement for year ending December 31, 1931, shows a balance for the security of policyholders of $327,148, in addition to subscribed but unpaid capital to the amount of $450,000. After paying shareholders dividends at 8 per cent and providing for depreciation of securities held and other reserves a balance in surplus account of $177,147 was shown, exclusive of paid-up capital stock of $150,000.

Total assets are valued at $511,767; these being composed of bonds and debentures at market value, plus interest due and accrued, amounting to $423,332; stocks, based on June 30 market valuation, $26,100; cash, $20,121; agents' balances and uncollected premiums, $39,463; due from re-insuring companies for losses paid, $1,974; and a mortgage receivable, $778. Liabilities include reserve for unearned premiums, at 80 per cent, $174,997.

New Director For Federal Fire

Federal Fire Insurance Co. announce the election of Col. K. R. Marshall, of Toronto, as a director of the company.

BANK DEBITS, '31 FOR ALL CANADA DROP 15.7 P. C.

Figures Show Transfers by Cheque Dropped Nearly $6,000,000,000

The curtailed activity in business and speculation and lower commodity prices during 1931 were attested to by the report of bank debits to individual accounts for the year, published by the Dominion Bureau of Statistics. Payments by cheque in the clearing centres of Canada showed a decline of $5,904,800,000, or 15.7 per cent, in comparison with the previous year. Debits totalled 31,586 billion dollars last year as against 37,491 billion for 1930.

This decline was general throughout all centres though in varying degrees. Thus, among the larger cities, Montreal suffered a contraction of 20.6 per cent, the total of financial transfers being $9,757,000,000; Toronto experienced a decline of 10.8 per cent, recording debits totalling $9,512,000,000. The actual decrease for these two cities, respectively, was $2,514,000,000 and $1,143,000,000. Debits in Winnipeg were down 11.8 per cent to $3,280,000,000, while Vancouver had a decrease of 21.8 per cent to $1,416,000,000.

Comparative figures for the five economic areas are as follows:

Bank Debits by Areas
($ 000,000 omitted)

Area	1931	1930	Decline %
Maritimes	652	708	7.9
Quebec	10,550	13,137	19.7
Ontario	13,377	15,044	11.1
Prairies	5,201	6,279	17.2
B. C.	1,806	2,322	22.2
	31,586	37,491	15.7

Deposit Turnover Small

Since the national economy is one of money payments, of which, say, 85 per cent to 95 per cent are affected through exchange of cheques, a highly important indication of fluctuations in the total volume of business transactions is afforded by the above figures.

It is interesting to note also that while bank debits were declining 15.7 per cent, the sum of the demand and notice deposits of the chartered banks averaged only 1.8 per cent less in 1931 than in 1930. From this, it is evident that the turnover of deposits was at a reduced level in 1931. The percentage of bank debits to deposits in 1931 was 129.8 compared with 151.5 in 1930.

Weekly Bank Clearings

Eastern Cities

	Feb. 5, 1931	Feb. 4, 1932
Halifax	$ 2,810,640	$ 2,437,811
Saint John	2,411,845	1,976,089
Moncton	630,284	937,791
Sherbrooke	789,277	511,015
Quebec	6,767,298	5,307,083
Ottawa	7,074,308	6,210,946
Montreal	130,547,646	96,001,511
Kingston	651,483	645,156
Peterboro	603,086	638,008
Toronto	135,418,353	123,127,259
Hamilton	5,459,455	5,144,049
Kitchener	1,124,521	906,517
Brantford	884,323	816,178
London	3,605,652	3,033,264
Chatham	728,308	587,836
Windsor	3,140,799	2,560,480
Sarnia	515,817	376,406
Sudbury	683,719	539,079

Western Cities

	Feb. 5, 1931	Feb. 4, 1932
Fort William	$ 725,200	$ 610,998
Winnipeg	37,359,279	35,331,553
Brandon	485,174	385,022
Moose Jaw	853,153	542,634
Regina	3,346,761	3,153,957
Saskatoon	1,615,878	1,357,219
Prince Albert	393,651	298,242
Edmonton	5,919,157	4,918,038
Calgary	7,776,313	4,567,395
Medicine Hat	243,061	206,875
Lethbridge	307,270	352,178
New Westminster	755,467	540,159
Vancouver	16,297,779	13,696,078
Victoria	2,966,967	1,736,426

Canada Ships More Gold

In the week from January 28 to February 3 Canada shipped $2,108,000 of gold to the United States.

Insurance for Buyer and Seller

Insurance Policyholders Should Not Be Fearful

Strong words of assurance to Canadian holders of life insurance policies, were given by G. D. Finlayson, federal superintendent of insurance, speaking at the conclusion of a two-day life insurance conference held in Ottawa under the auspices of the Life Underwriters' Association of Canada last week. "There is no reason why a policyholder should relinquish a policy for fear a company would not be able to meet its obligations in full," said Mr. Finlayson.

Mr. Finlayson pointed to the impressive fact that business of life companies in Canada in 1931 amounted to almost $800,000,000 while the increase in ledger assets was approximately $128,000,000.

Purchase Government Bonds

Mr. Finlayson stated that for the first half of 1929 Canadian life insurance companies had invested $32,000,000 in bonds and debentures of which less than $1,000,000 was in Dominion Government bonds. He contrasted this with the latter half of 1931 when out of $60,000,000 invested in conservative securities, $15,000,000, or 25 per cent was in Dominion Government securities.

"We are passing through stormy times, but the good ship life insurance is breasting the gale, and as long as the timbers remain sound there is nothing to fear."

"In 1931," said Mr. Finlayson, "$107,000,000 went out from the Canadian life insurance companies to their policyholders as loans. The more modern advice by high authorities is to spend while the old saying was to save. When you encourage a man to buy an insurance policy you are encouraging him to spend his money, while in another sense you are encouraging him to save his money. These are troublesome times. While things may look dark at the present, there is a great ray of hope."

WESTERN EMPIRE 1931 INCOME DOWN

Business in Force Drops Back Owing to Terminations

New business issued by Western Empire Life Assurance Co., of Winnipeg, during 1931 amounted to $2,675,733, compared with $2,950,964 in 1930. Owing to somewhat heavy terminations the total insurance in force was reduced during the year from $13,000,000 to approximately $11,000,000.

Net premium income amounted to $286,740, compared with $301,312 in the previous year, but this was partly compensated for by an increase in interest and rents received, these being reported at $75,220 as against $68,475 in 1930. Disbursements were $29,000 heavier at $253,004, this being almost entirely accounted for by an increase in surrenders from about $15,000 to $44,282, other payments to policyholders remaining about level at $32,846. Management expenses, including commissions, medical fees, license fees and taxes were slightly lighter than in the previous year at $167,066.

Assets Up $27,400

Total assets showed an increase of about $27,400 at $2,031,091. Policy loans stand at $490,946 as against $435,553 in 1930, real estate at $31,473 compared with $13,344, cash at $15,000 as against $19,000, and interest due and accrued at approximately $109,000 as against $78,000. Outstanding and deferred premiums were down from $157,300 to $97,362. Liabilities, excluding capital, totalled $1,752,175 as against $1,694,887 in 1930, leaving a surplus of $278,916 as compared with $308,775 for 1930.

Paid-up capital was reduced from $221,011 to $218,121, upon which dividends of 4 per cent were maintained.

Comparative figures for 1931 and 1930 business are as follows:

	1931	1930
	$	$
Business		
New ins. issued	2,675,733	2,950,964
Business in force	10,935,109	13,002,126
Income, Etc.		
Net prem. income	286,740	301,213
Interest & rents (net)	75,220	68,475
Assets, Etc.		
Total assets	2,031,091	2,003,663
Bonds & debs.	229,560	238,781
Mtges. & agree.	1,057,842	1,061,872
Policy loans	490,946	435,553
Surplus	60,796	87,764

SOVEREIGN LIFE WRITES $3,000,000

Policy Reserves Maintained at Good Margin Over Legal Standard

Business written and revived during 1931 by the Sovereign Life Assurance Co. amounted to $3,067,658 as compared with $4,784,598 in 1930, total insurance in force standing at $27,214,700 as against $30,014,589 at the end of the previous year.

Total receipts of the company for the year amounted to $1,160,851 as compared with $1,184,124 in 1930, while total disbursements were $956,739 as against $740,293. Payments to policyholders during the year totalled $567,219 compared with $391,516 in 1930, surrenders accounting for $319,178 compared with just under $150,000 in the previous year. Total assets increased from $6,029,296 to $6,250,371. Among these, policy loans were about $200,000 heavier at $1,246,367, this item now representing 21.7 per cent of the total invested assets of the company (at ledger value) as against 18.9 per cent in 1930.

The company earned 6.08 per cent on its investments which totalled $5,735,897, this comparing with 6.85 per cent on $5,535,689 in 1930. Bonds and debentures represented 27.6 per cent of the company's total invested assets, being reduced from 29.7 per cent in the previous year, while common stocks rose from 1.0 per cent to 1.8 per cent, these now consisting of C.P.R., Montreal Power, Bell Telephone and Shawinigan, the last three to the combined value of $51,683, having been added during the year.

Policy reserves have been increased from $4,792,005 in 1930 to $4,970,971, while the investment reserve was raised from $160,000 to $255,000.

	1931	1930
	$	$
Business		
Bus. in force	27,214,700	30,014,589
Ins. issued & revived	3,067,658	4,784,598
Ins. paid for (incl. re-ins.)	2,290,107	2,894,735
Income		
Net premiums	824,785	853,845
Interest etc.	296,582	300,798
Assets, Etc.		
Bonds & debs.	1,582,327	1,639,834
Mortgages	2,538,334	2,525,184
Policy loans	1,246,367	1,044,099
Inv. & conting. res.	280,000	230,000
Free surplus	160,010	163,546
Policy reserves	4,970,971	4,792,005

Pipe and Allen Open Branch Office in Montreal

Pipe and Allen, consulting actuaries of Toronto, have opened an office in Montreal. The firm opened up in Toronto in 1927 as the first consulting actuaries in Canada. The new Montreal office was opened on February 1 in the Old Birks building.

The firm engages in work as consulting actuaries to fraternal societies, labor unions, pension societies of corporations and municipalities, etc.

The statistical work is done by the tabulating department under Major Allen which carries out machine tabulation for insurance and other firms.

Canada Life Mortgages In Sound Condition

Out of total mortgages on real estate of $59,464,000 held by Canada Life Assurance Co., arrears of interest during 1931, amounted to only 2.03 per cent of total amount invested, according to the company's annual report issued last month.

In a review of the company's annual statement recently in The Financial Post, an unfortunate typographical error occurred which indicated that arrears of interest reached the obviously incorrect total of 42 per cent of the total amount invested in mortgages.

Canada Life has total assets of $204,776,000 of which $59,464,000 are invested in first mortgages on real estate. Of this latter total, 65 per cent is represented by loans on city properties and 35 per cent on farm properties. In connection with loans on city properties, 94 per cent of these were entirely free from interest arrears at the end of 1931.

Record Business Volume For Metropolitan

A new record for life insurance issued, reinstated and increased was set up in 1931 by the Metropolitan Life, according to F. H. Ecker, president of the company who states that new writings of insurance on this basis amounted to $3,430,199,381. Total business in force was $19,447,344,000 at the end of 1931.

Mr. Ecker reports that $459,680,242 was paid to policyholders or their beneficiaries in 1931, and that of this amount $152,264,182 was paid in death benefits, while the balance of $307,416,060 in the form of mature, endowments, annuities, dividends, disability benefits and surrender values, having been paid to living policyholders.

With assets of $3,590,115,653, the Metropolitan is the largest financial institution in the world.

Shareholders Meet Call of Trans-Canada Insur.

From Our Own Correspondent

MONTREAL — The response to the call of 10 per cent made on shareholders of Trans-Canada Insurance Co. is stated to have met with a satisfactory response; the final payment on this call will be made in March, 1932.

Business during 1931 is stated to have been relatively satisfactory in face of existing conditions. The company handles fire, automobile, sprinkler leakage, tornado and explosion insurance.

Investments at the end of 1930 had a cost value of $424,970. There is likely to have been some shrinkage during the past year since investment portfolio included $15,600 of Belgo-Canadian 6 per cent bonds, $8,756 Canada Power and Paper Corp. debentures and $7,842 of unspecified securities of Lake of the Woods Milling Co.

Insurance Inklings

A. FINBERG, St. Paul, has been appointed president of the Hundred-Thousand Club for the entire Great-West Life sales organization for 1932.

GUARANTEE OF N. A. INCOME OFF A BIT

From Our Own Correspondent

MONTREAL.—Income of the Guarantee Co. of North America in 1931 compared favorably with that of the previous year and, after lower expenses, was sufficient to cover the usual dividend and bonuses, 12 per cent and 10 per cent respectively, and an extra bonus of 10 per cent, leaving a surplus of $6,158.

Comparison of Income

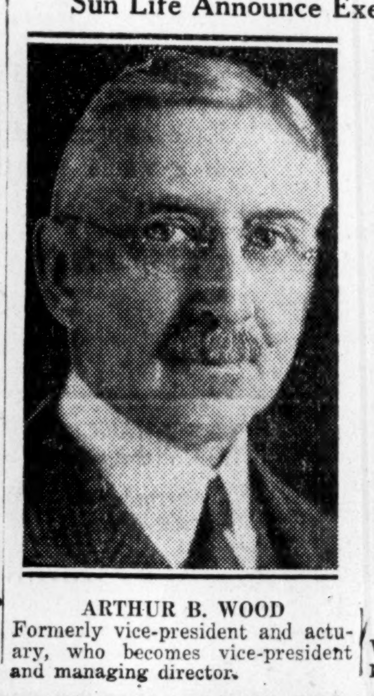
Following is a comparison of income and expenditure:

	1931	1930	1929
	$	$	$
Premiums	500,606	504,813	552,217
Int. & rents	243,740	252,583	243,556
Total inc.	744,346	757,397	795,684
Deduct:			
Underwrit.	279,680	301,595	289,544
Re-ins.	86,065	76,735	92,854
Losses paid	124,203	121,716	62,387
Inv. exp.	56,404	53,593	48,463
P. & L. items	94,352	109,122	59,759
Total exp.	640,706	662,761	553,009
Balance	103,640	94,636	242,675
Div. & bonus	97,472	97,472	97,472
Surplus	6,168	d2,836	145,203

d—Debit.

In the balance sheet there are few changes, total assets at the end of 1931 standing at $4,285,743 against $4,279,575 at the end of the preceding year.

Sun Life Announce Executive Appointments



ARTHUR B. WOOD
Formerly vice-president and actuary, who becomes vice-president and managing director.

E. A. MACNUTT
Who has been appointed to be vice-president and treasurer.

PLANNING YOUR ESTATE

CHARTERED TRUST AND EXECUTOR COMPANY believes you owe it to your family to obtain expert advice in planning your estate. Without such advice it may be that your family will not have the protection you anticipate. Ask your Insurance Advisor how that protection can be guaranteed—he has a fundamental knowledge of estate problems.

The services of Chartered Trust and Executor Company are always available to you.

CHARTERED TRUST AND EXECUTOR COMPANY
34 King St. West, Toronto 2
132 St. James St. West, Montreal, Que.
President: JAMES Y. MURDOCH, K.C.
Vice-Presidents: W. S. MORDEN, K.C. JOHN J. GIBSON and Gen. Mgr.
Secretary: E. W. McNEILL

THE CANADA NATIONAL FIRE INSURANCE COMPANY
Head Office: WINNIPEG
Toronto Office: 205 Brock Building
Walter J. Steer, Branch Manager
President, J. B. Coyne, K.C., Winnipeg, Man.
1st Vice-President, T. S. McPherson, Victoria, B.C.
2nd Vice-President, Allan S. Bond, Winnipeg, Man.
Applications for Agencies Invited

NORTHWESTERN MUTUAL FIRE ASSOCIATION
SEATTLE, WASHINGTON
HEAD OFFICE FOR CANADA: HAMILTON, ONTARIO
Writing Fire and Automobile Insurance at Cost
Assets $5,010,673.96
ALL POLICIES NON-ASSESSABLE
Paying Dividends ranging from 25% to 40%
BRANCH OFFICES:
Toronto, Ottawa, Vancouver, Victoria, Edmonton, Calgary, Saskatoon, Winnipeg, Montreal, Quebec City, Saint John, Halifax and Charlottetown.

FIRE · MARINE · AUTOMOBILE · ACCIDENT · SICKNESS · BURGLARY · GUARANTEE
WESTERN ASSURANCE COMPANY
ESTABLISHED A.D. 1851

The ONTARIO EQUITABLE LIFE AND ACCIDENT INSURANCE COMPANY
Head Office — Waterloo, Ont.
Assets (Dec. 31, 1931) $ 8,125,139
Policy Reserves 6,846,054
Insurance in Force ... 51,355,672

Safeguard Your National Service Loan Certificates!

IF you are a subscriber to the National Service Loan, you need a Safety Deposit Box. Your Interim Certificate *must* be guarded safely—you can't get your bonds without it—and they, in turn, will require protection.

A Safety Deposit Box offers absolute security. The owner alone has access to it and you can rent a box for very little at the nearest branch of this bank.

Our Manager will be glad to demonstrate the security and convenience of a Safety Deposit Box.

The Royal Bank of Canada
CAPITAL AND RESERVES: 74 MILLION DOLLARS

Operating in Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia
FIRE AUTOMOBILE WINDSTORM
Insurance in force over $200,000,000.00
Total Assets over 3,000,000.00
Agents required in Ontario
Write Eastern Branch, 2 Toronto St., Toronto, Ont.
THE WAWANESA MUTUAL INSURANCE CO.
Head Office—Wawanesa, Man.

ORGANIZED · 1884 DOMINION LICENSE
ASSETS EXCEED - $1,500,000.00
NON-ASSESSABLE POLICIES COVERING
FIRE - AUTOMOBILE
BURGLARY - PLATE GLASS
WINDSTORM - SPRINKLER LEAKAGE
OFFICES: PORTAGE LA PRAIRIE MONTREAL TORONTO REGINA VANCOUVER
THE PORTAGE LA PRAIRIE MUTUAL INSURANCE COMPANY

Distinguishing Characteristics
Facts from the Annual Report
(Weekly Message)

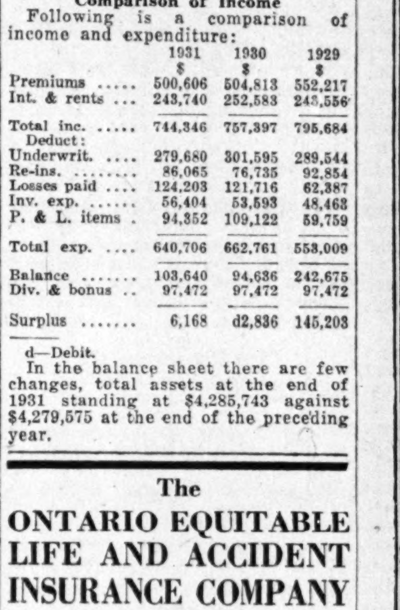
AS a result of the successful operations of the year 1931, the London Life was able:

1. To increase its policy reserves to a standard higher than that employed by any similar company in Canada or the United States;
2. To cover all shrinkages in its investments;
3. To add substantially to its emergency funds, and—
4. To increase the Free Surplus, which now amounts to $2,811,721 on the Company's own high standards.

"The Statement is of a high degree of excellence which will be uncommon in any part of the world just now. And it is due not to any particular luck in recent years, but to the general policy of economical and cautious, but efficient management, persisted in for half a century." —"Canadian Insurance"

Established 1874
London Life Insurance Company
"Canada's Industrial-Ordinary Company"
HEAD OFFICE LONDON, CANADA

ESTABLISHED 1881



All Profits Paid to Policyholders

A sound well-managed company. A record of payments to policyholders of over $58,000,000 in the last 51 years. Stability and security for policyholders unexcelled.

A Canadian Company

NORTH AMERICAN LIFE
A MUTUAL COMPANY

Canadian Pulp and Paper Industry

DEMAND FOR PULP BY UNITED STATES OFF IN PAST YEAR

Canada Suffers Most by Lessening of Requirements

From Our Own Correspondent

MONTREAL.— Pulp requirements of the United States paper industry for the first eleven months of 1931 were substantially under that reported for the corresponding period of 1930.

This is a reflection, of course, of the unsettled business conditions in that territory and the consequent decline in the demand for newsprint and fine papers, together with board products. Inasmuch as the paper export trade of the United States is comparatively negligible, the decline in the imports of pulp would appear to constitute an accurate barometer of the domestic need.

Total Imports Down

According to returns compiled by the Newsprint Service, based on United States Department of Commerce reports, the total imports of pulp into the United States between January and November, 1931, aggregated 1,467,767 tons. This was made up of $894,173 tons of sulphite, 349,311 tons of unbleached sulphate, 29,405 tons of bleached sulphate and 194,878 tons of groundwood. During the same period of 1930 imports of sulphite amounted to 1,012,297 tons, unbleached sulphate, 354,339 tons, bleached sulphate, 17,437 tons, and groundwood, 271,949 tons, making a grand total of 1,656,022 tons.

In analyzing the returns for the individual commodities, it is noted that Canada's exports of sulphite pulp to the United States amounted to 286,259 tons in the first eleven months of 1931, compared to 367,589 tons in the same period of the preceding year. Canada's loss was the other countries' gains, for with the exception of Norway, which exports a small quantity, gains were reported.

Canada has a relatively small interest in the sulphate market, this end of the trade being dominated by Sweden. It is interesting to note, however, that of sulphate imports to the United States for the first eleven months of 1931, Sweden was credited with 254,427 tons as against 232,544 tons in the preceding year. On the other hand imports from Canada declined from 68,310 tons in 1930 to 34,976 tons in 1931.

Ships Less Groundwood

The United States looks to Canada to make up any deficiency in the domestic supply of groundwood pulp. Out of total imports for the first 11 months of 1931 amounting to 194,878 tons, Canada accounted for 162,515 tons. In the corresponding period of 1930, Canada was credited with 230,021 tons of total imports of 271,949 tons. The amount imported from other countries was negligible, and generally showed a decline in 1931, with the exception of Finland which recorded an increase of some 4,800 tons to 17,951 tons.

LUMBER OUTPUT DOWN ONE-THIRD THROUGHOUT EAST

Analysis By Lumbermen's Assoc. Shows Reduced Operations, 1931

Output of lumber, lath, shingles, and so forth, in Ontario, Quebec, New Brunswick and Nova Scotia during the sawing season of 1931 showed a considerable falling-off in comparison with both 1930 and 1929. Total of wood cut was 990,398,000 ft. b.m., this being but 68 per cent of the 1930 production and only 56 per cent of the 1929 figure.

Most important among the soft woods, spruce showed a decline of 44 per cent in the year, while white pine was 17 per cent lower. Balsam fir, on the other hand, was cut in larger quantity in 1931. Output of hardwoods averaged about 28 per cent lower than in 1930.

Most Mills Represented

Figures are compiled by the Canadian Lumbermen's Association from data furnished by 77 per cent of all sawmills operating in Ontario, 56 per cent of those in Quebec including all of the larger mills; 69 per cent of the mills in New Brunswick, and 51 per cent of mills in Nova Scotia.

Production figures for 1930-1931, for the different kinds of wood, and totals, are given in the following table, which also shows output for the two years of laths, ties, shingles and so on.

LUMBER PRODUCTION
(000's omitted)

Species	1931 Ft. B. M.	1930 Ft. B. M.
Soft Woods:		
White Pine	289,157	348,340
Red Pine	51,981	93,640
Jack Pine	92,449	107,108
Spruce	343,760	612,920
Hemlock	43,773	78,738
Balsam Fir	25,000	13,506
Cedar	4,555	7,273
Total	850,675	1,261,525
Hard Woods:		
Birch	81,474	107,549
Maple	26,980	40,754
Beech	5,620	8,873
Poplar	5,266	5,341
Elm	6,338	10,723
Basswood	10,146	14,566
Ash	2,222	4,510
Oak	1,648	1,468
Hickory	29	39
Total	139,723	193,823
Total All Species	990,398	1,455,348
Pickets pcs.	12,993	22,054
Lath pcs.	154,159	268,680
Shingles pcs.	216,437	306,674
Ties pcs.	1,455	4,095
Cedar posts	302	418
Cedar poles	203	181

Lake St. John Paper Charter to Be Given Up

From Our Own Correspondent

MONTREAL.—Application has been made to the Quebec Government to surrender the charter of the Lake St. John Paper Corp. This company was formed some five years ago, as a subsidiary of Port Alfred Pulp and Paper Corp. It never functioned and lately it was decided to surrender the charter.

European Operators Seeking Larger Share Of U. S. Paper Market

Imports, While Still Small, Continue to Record Growth

CANADA'S TOTAL OFF

Larger Shipments of Paper Entering States Through New York, Los Angeles and New Orleans

From Our Own Correspondent

MONTREAL.—Strenuous efforts put forth by the North European newsprint manufacturers to gain a larger share of the American newsprint market is bearing fruit, judging by the records of imports during the first eleven months of 1931, compiled by the United States Department of Commerce and published by the Newsprint Service Bureau.

In comparison with the corresponding period of 1930, imports of newsprint into the United States between January and November, 1931, showed a general over-all decline of approximately 9 per cent.

European Purchases Grow

Purchases in Finland, Germany, Norway and Sweden showed an increase during this period of 15.5 per cent. Newfoundland, which has rapidly come to the fore as a newsprint producer in the last eight years, records an increase of about .8 per cent. On the other hand, Canadian newsprint purchases were roughly 11.32 per cent less.

The trade returns showed total newsprint imports into the United States for the first eleven months of 1931 amounting to 1,898,819. This total, in turn, was subdivided by country of origin, as follows: Canada, 1,618,556; Newfoundland, 140,326; Finland, 44,733; Germany, 20,075; Norway, 13,181; Sweden, 61,913, and other countries 35 tons.

Records for the same period in 1930 show aggregate imports of 2,085,624 tons, distributed by countries as follows: Canada, 1,825,305 tons; Newfoundland, 139,220 tons; Finland, 38,480 tons; Germany, 11,612; Norway, 8,129; and Sweden, 62,787 tons.

After Seaboard Trade

In competing with the Canadian operators for the United States market, the North European operators are limited in the competition to those areas bordering on the Atlantic and Pacific seaboard. The more favorable location of the Canadian mills in respect to inland transportation, makes it prohibitive for the European countries to compete on a profitable basis.

November imports of European newsprint into the United States would indicate that Canadian operators are facing their greater competition for spot business in areas centring around New York, New Orleans, and Los Angeles. While it is true that the tonnage involved represents only a small proportion of the requirements, it is nevertheless indicative of a trend which might develop into more serious proportions in the event of a disruption of trade relations between the American publishers and Canadian newsprint operators.

Details of Shipments

Examination of the November trade returns shows that for November, 3,365 tons of European newsprint paper, valued at $140,469, were imported into the New York customs area. An even larger amount was credited to New Orleans, where imports totalled 4,296 tons worth $205,748.

It will be recalled a short time ago despatches from the Pacific Coast indicated that Scandinavians were offering newsprint in that market at prices considerably under that then prevailing from Canadian and American operators. It was also stated that the amount of tonnage imported was negligible and had no particular bearing upon the market. During November, 1,855 tons, to the value of $88,495, entered Los Angeles. Between 200 and 300 tons entered the Port of San Francisco.

Philadelphia is another point at which the European newsprint producers are concentrating their efforts in an endeavor to secure a larger share of the market, imports at that point in November amounting to 1,113 tons to the value of $49,142.

Matter of Price

The greatest advantage which the European newsprint producers have over the Canadian operators is in the matter of price. On a quality basis, the Canadian product is favored. The extensive depreciation of Scandinavian currency — even greater than that of the Canadian dollar—in the American market, has placed the Scandinavians in a position where they can sell newsprint in the American market at a price several dollars below that asked by Canadian companies. Irregularity of shipments, cost of storage, and quality of paper are all factors which enter into consideration in the purchase of newsprint, and on that account, few of the large American publishers are buying anything other than Canadian newsprint.

The stock market, however, is a different matter. Here price is one of the major considerations, and the Scandinavian operators have the edge on the Canadan producers.

Newfoundland Paper Exports Create Record

From Our Own Correspondent

MONTREAL.—Operations of the newsprint industry provided the one particular bright spot in Newfoundland industrial operations during the past year, according to the annual report of the Newfoundland Board of Trade. Newsprint exports from the mills at Cornerbrook and Grand Falls totalled 267,420 tons, valued at $17,134,807. This is a new all-time record.

The report of the News Print Service Bureau shows that Newfoundland had a total newsprint production in 1931 of 294,983 tons. This compared with the previous high record of 287,259 tons made in 1930. It is interesting to note that production last year was nearly five times as great as that reported in 1924.

C. P. R. Announce New Dividend Policy

From Our Own Correspondent

MONTREAL. — Quarterly dividend on the ordinary shares of the Canadian Pacific Railway for the last quarter of 1931 has been declared payable on March 1 next. It will be met from reserve of surplus revenue.

At the same time it is officially stated that the dividend on the ordinary shares is now on a half-yearly basis and that the payment for the first six months of this year will be considered at the August meeting of directors.

COTTON MAKERS HOLD ON TO SHARE OF HOME MARKET

Production Lower in 1930 —Imports Decline in Proportion

From Our Own Correspondent

MONTREAL. — That Canadian cotton textile manufacturers retained their share of the domestic market in 1930, despite heavy competition from abroad, is indicated by figures recently released by the government. Value of production in the industry fell off sharply in that year but imports dropped proportionately.

Effects of the tariff schedules imposed late in 1930 can hardly be considered in reviewing the 1930 figures on imports of cotton textiles. The new duties did not come into effect until November, and importers, anticipating the added imposts, bought heavily prior to that time.

Proportionate Decline Noted

Indications that the domestic manufacturer held his own, however, are seen in comparisons of value of production and imports in 1930 with the previous year. Value of production in 1930 was $58,587,366, a drop of 34 per cent, and imports were valued at $40,061,699 a drop of 34 per cent also.

Though the drop in value of production shows that the cotton companies had a difficult time, the shrinkage in commodity values should not be overlooked. These played a part in the lower production values reported; perhaps employment figures gave a better key to the situation.

The number of employees, salaried and otherwise, in 1930 totalled 18,590 compared with 22,093 in 1929 or a drop of 16 per cent. Salaries and wages paid were $18,552,937 a decrease of $3,990,988 in from 1929.

Large Share of Quality

In quality cotton merchandise the Canadian manufacturer is supplying an increasing proportion of the needs of the home market, the report states. Though it is not possible to analyze exhaustively the relative proportions of staple and fancy goods produced in Canada, and imported, it is pointed out that the domestic mills are obtaining a larger share of the Canadian market despite foreign competitors who are offering severe competition. Regarding staple goods it is claimed that the Canadian textile industry is capable of supplying the entire domestic requirements of such goods.

Raw Cotton Imports Down

The report shows that imports of raw cotton were responsible for the greater part of the decline in total 1930 importations dropping 26 per cent to 100,314,317 pounds while values were off 46 per cent at $14,216,310. Woven fabrics of unbleached cotton showed a drop of 12,600,000 pounds at 29,220,603 pounds valued at $2,829,481 but woven fabrics bleached showed little change at $1,6$5,721.

Combined capital investment in the Canadian cotton textile industry in 1930 was $87,589,707 a decrease of $17,395,340. Of the 77 plants reporting 36 were located in Ontario and 33 in Quebec.

The cotton cloth and yarn division, in which there are 33 mills, had a total capital investment of 78,542,804. In gross value of production 25 establishments accounted for 96 per cent of production.

LESS ADVERTISING REPORTED FOR 1931

American Newspapers Record Over-all Loss of 11 Per Cent

From Our Own Correspondent

MONTREAL. — Advertising linage in some 225 daily and 112 Sunday newspapers published in 80 cities of the United States during 1931 showed a decline of 10.5 per cent from that recorded during the preceding year, according to records compiled by Media Records Inc. and published in "Editor and Publisher."

In breaking down the returns by classifications, Media Records show that the volume of retail advertising linage in 1931 was 6.8 per cent less than in 1930; general advertising declined 12.1 per cent; automotive, fell away 24.8 per cent; financial declined 29.9 per cent, while classified advertising linage was slightly over 11 per cent under the total recorded in 1930.

The actual linage recorded by these papers in 1931 was 1,942,547,307, in comparison with 2,169,235,598 in 1930, a decline of 226,688,291. The distribution of linage by classifications in 1931, together with comparative figures for 1930 in brackets follow: retail, 1,092,182,691 (1,171,567,597); general, 343,427,813 (390,621,184); automotive, 105,847,747 (140,791,706); financial, 56,764,552 (80,937,538); classified, 310,624,333 (349,380,576).

Building Less in Vancouver

Building permits for Vancouver for 1931 totalled $10,066,245 and numbering 4,725. These show a considerable decline over 1930 when they totalled $14,645,206.

In the Mail

Favors Strong Mine Treasuries

Editor, The Financial Post: You have discussed the matter of payment as dividends the net earnings of mining companies and having had some forty years experience in the location of mineral claims, their development, organization and management I feel that I may be entitled to have an opinion based upon my own experience and observation. I am emphatically not in favor of disbursing the net profits as made; rather I favor the method well illustrated by Hollinger and for the following reasons:

It is very difficult to approximate the market for metals, with the exception of gold, and while frequent sampling will indicate fairly well the run of the ore and diamond drilling will supplement other development so that ore reserves may be rather closely approximated, there should always be held in reserve ample funds to tide over emergencies, such as a glutted market, fire or caving in the mine, or destruction of a mill. A competent staff and working force is not built up in a day but is the result of careful accumulation and cannot be dismissed in an ordinary emergency and then replaced immediately when wanted. Large concerns frequently operate at considerable loss in order to preserve their personnel and avoid expensive unwatering and tuning up operations preparatory to resumption.

Early mining in the East Kootenay District of British Columbia illustrated the folly of paying out as dividends the earnings as made. Mining properties there were known as "grass root" mines, i.e., pay ore was discovered at the surface and easily mined. When the workings grew deeper and the water had to be pumped and ore hoisted expenses increased while values shrunk due to falling prices, treasuries were soon exhausted and the mines closed down; many have never been reopened, the stockholders having spent their money as received and as the stocks were not assessable the managements were unable to resume operations and properties reverted to the government for taxes. My advice is to build up and maintain a strong treasury; the final disbursement will be more appreciated by the stockholders.

W. H. FORTIER

Spokane, Wash.
Jan. 20, 1932.

Non-Partisan Group for Imperial Conference

Editor, The Financial Post.

Dear Sir:—Are we not raising too many hopes that all our Empire trade problems will be settled at the forthcoming Imperial Conference at Ottawa?

Are we not filling out people with the idea that Canada will come out of the conference with flying colors and rich prizes of increased trade within the Empire?

Imperial trade questions can only be permanently and practically solved outside of party politics, and the result of the forthcoming conference will again prove this contention.

The recent Canadian Railway Commission is composed of men of all shades of Dominion politics. Why not the same composition for the Imperial Conference?

President Hoover's advisers and counsellors on trade matters are invited to discussions irrespective of party politics. Then why hold on to the old-fashioned, out-of-date traditional custom of sending party men to our Imperial Trade Conference?

Does anyone agree that representatives of any one political party of the Dominion, representing probably little more than one-half of the population, are the true representatives of the whole country?

Party politics are necessary in the administration of national politics but not Imperial, when trade matters are under discussion.

The great spirit which must prevail at our conferences is that of self-sacrifice.

We must be ready to buy if we want to sell—give and take. This spirit cannot be exemplified in our delegations if they represent only one political party policy from their respective Dominions.

We are losing time; our opponents are gaining on us each year we refuse to face the true situation with our full armour.

We must cultivate and develop these industries which are common to our raw materials, conditions and climatic atmosphere. We must not attempt to cultivate every known industry in the world, protect it with a tariff and expect the whole world to buy from us and we not buy of them. This is the error which the United States made and they are now finding it out to their great financial loss.

We have committed many errors in this respect in the past. It may not be too late to mend our ways. Did any Premier of a political party in power attempt to improve this condition at Imperial conferences? Never!

We will never establish any permanency to Empire trade if we are going to place all our faith in a high or low tariff.

The tariff may be one means of helping us to defend ourselves from unnatural trade competition coming from such countries as Soviet Russia, or others desiring to sell goods in our markets under normal conditions.

But our competitors have overcome the obstacles of tariff barriers through establishing branch factories in countries with high tariff walls. What is the consequence? They erect most modern factories in such states and become strong rivals of the home industry.

The arrival of the new branch factory, in a measure, helps to drive the home factories with antiquated plants, to the scrap heap, with its attendant loss of many millions of dollars to Canadian shareholders. It also reduces Customs revenue by many millions which has to be made up by extra taxation on the Canadian people. In addition, the surplus or profits of these branch factories flow out of Canada to the parent company in some foreign country.

I admit that the establishment, in Canada, of over 1,200 American industrial factories has greatly assisted in raising Canada to the status of fourth place among the trading countries of the world through the manufacture of American goods under American administration with Canadian workmen. Canada goes even further, it sends out trade commissioners to all parts of the world to interest the people in buying American goods made in Canada. This is what our trade commissioners are principally selling in India, Australia, New Zealand, etc.

No, if we are going to permanently increase trade within the Empire the basic agreement of exchange should be left to business men of all shades of party politics with economists for their advisers.

This is why many of us are strongly advocating a permanent Empire development organization, something similar to the League of Nations, with its members giving all their time to the study and reseach of these problems in order to offer our respective governments wise, logical and practical advice from the results of their investigations. Then the Empire would possess a medium through which all Imperial trade questions would be solved outside of political party influences and prejudices.

Let us bring our manufacturing methods, salesmanship methods and advertising up to the standard of our best opponents in order to insure that our well known brands of goods may be assured of a continued market in foreign fields where competition is especially keen.

This is, in my mind, the only logical method of meeting world competition. Party politics should be put out of the question. A programme of extensive commercial education should be instituted and according to its growth the subject of tariffs would be revealed in its true light which would cause regulatory action to prevent the dumping of foreign made goods produced under unfair conditions.

I think every Canadian who has travelled around the world and given this question any study, can say much more than I have on the subject of how we Britishers are permitting trade to pass through our hands for lack of meeting our competitors with the same methods which are being used against us.

The Prince of Wales saw this condition during his recent tour of South America and he is now preaching what we have been advocating since 1929.

We are constantly gaining ground in our campaign for lifting Imperial trade conferences beyond party politics and our eventual success is assured, but in the meantime, we are going to lose much commercial prestige and trade, which will be more difficult to regain by procrastination.

Quebec,
Feb. 4, 1932. Frank Carrel.

Supports Valley Merger

Editor, The Financial Post,—

You refer to the possibility of merging all independent companies in Turner Valley in order to develop the field economically and in the interests of a sensible conservation policy. I have all along urged and supported such a merger as being one of only two solutions which offer themselves, if the present conservation regulations are to be enforced. But the reason and justification for such a merger should be clearly explained to the public.

It must be remembered that the cry of "waste gas" in Turner Valley and the demand for conservation is an entirely new one, introduced last fall by the Alberta provincial government. Prior to that, gas had been going to waste in Turner Valley for 17 years—in huge quantities for the past seven years—but not one official objection had been raised. After this enormous waste had been going on for years the public in 1929 invested millions upon millions of dollars in the further development of the field. It was only after the public had invested their millions that the official cry of "waste gas" was raised and conservation demanded.

I submit that every consideration must be given to the fact that the public has a huge sum invested in Turner Valley, and that a field which has largely been developed with the public's money cannot justly be set aside for the benefit of posterity.

But the gravest and most flagrant injustice inflicted by the new Alberta government conservation regulations pertains to undeveloped leases.

I have consistently contended that there are only two just and practical solutions to the Turner Valley waste gas problem. One is to allow the operators to export the gas, finding a market wherever they can; and the other is to organize one large company to absorb all the independents and all the independently or privately owned undeveloped acreage on the recognized structure. Personally, I have advocated that the suggested company should be formed by Imperial Oil Ltd., as a subsidiary. There would be two advantages in this: Imperial Oil already controls, one way or another, the larger portion of the field; and then again they could readily provide or secure the necessary organization and working capital.

If Imperial Oil formed the company in question they would then dominate the entire Turner Valley field and could either conserve or develop in an economical manner. I believe that in the long run the shareholders and private lease owners would be better off than if they remain as they are today, especially if the new conservation regulations are rigidly enforced. The successful formation of such a company would, I feel sure, present fewer difficulties and complications than an attempt to enforce the new regulations.

A. J. SCOTT

Calgary,
Jan. 2, 1932.

Halifax Apple Shipments Gain

Apple shipments from Halifax for the season to February 1 amounted to 851,788 barrels, or 171,716 barrels more than last year up to the same date. The barrelled apples from the other Canadian Atlantic ports represent a bigger amount this year, although the apples in boxes have fallen from 101,425 boxes for last season to 48,319 boxes for the same period this season.

JAMES W. SEWALL
Consulting Forestry
JAMES W. SEWALL
Old Town, Maine
PHILLIPS & BENNER
Ruttan Block, Port Arthur, Ontario

Abitibi Power & Paper Company, Limited
TORONTO, ONT.
Owning and operating mills at
Murray Bay, Que. / Sault Ste. Marie, Ont.
Beaupre, Que. / Iroquois Falls, Ont.
Sturgeon Falls, Ont. / Smooth Rock Falls, Ont.
Espanola, Ont. / Fort William, Ont.
Pine Falls, Manitoba
Daily Capacity 2200 Tons Newsprint
Groundwood Pulp / News Sulphite Pulp
High Grade Bleached Sulphite Pulp

E. LAMBTON LOAN COVERS DIVIDENDS

Net Earnings 6.4 Per Cent After Provision for Taxes

East Lambton Farmers' Loan & Trust Co., of Forest, Ont., report net profits of $16,850, or 6.43 per cent on its paid-up capital of $262,600, compared with $20,381 in 1930. The net is after an appropriation for investment reserve of $1,965 in 1931 and $3,000 in 1930. The dividend of 6 per cent was maintained, but the 1 per cent bonus paid in the previous two years was discontinued in 1931.

Debentures held by the public total $289,768, compared with $295,395. Deposits amount to $154,874 compared with $178,081. Reserve fund stands at $113,000 as against $112,000, exclusive of investment reserves which were $7,905 and $7,400 respectively. Profit and loss balance carried forward was $117 as against $23.

Total assets of the company are valued at approximately $20,000 lower at $873,346. Real estate is held to the value of $18,822 compared with $6,835 in 1930. Mortgages are taken in at $421,824 as against $452,559; interest due and accrued thereon being $25,950 compared with $22,471 at the end of 1930. Municipal, school and telephone bonds amount to $38,612 compared with $36,671. Government bonds have a value of $51,553 as against $45,660; and all other bonds total $297,237 compared with $312,651. Cash amounts to $1,934 compared with $4,608 in 1930.

Comparative statement of profit and loss prepared by The Financial Post is as follows:

PROFIT AND LOSS ACCOUNT
Year Ending Dec. 31

	1931 $	1930 $
Profits§	19,850	22,481
Less: Tax res.†	3,000	2,100
	16,850	20,381
Dividends	15,756	15,756
Bonus	....	2,626
Reserve	1,000	2,000
Surplus for year	94	* 1
Previous surplus	23	24
Bal. carried fwd.	117	23
Earn. per Share and Dividend Record:		
Earned	$6.43	$7.76
Paid	6%	6+1%

§After providing for investment reserve of $1,965 in 1931, and $3,000 in 1930.
*Debit.
†For 1932.

GOLDEN ANNIVERSARY 1882 - 1932

The Golden Anniversary of the Rolland Paper Company finds the third and fourth generations of the Rolland family and of its craftsmen still making fine papers in the tradition handed down to them by their fathers.

The ideals of integrity and progress upon which the organization was founded still permeate their methods to-day.

Amongst their comprehensive selection of papers, suited to every business need, Superfine Linen Record, the aristocrat of fine papers, still stands supreme, as it did half a century ago.

ROLLAND GOLDEN ANNIVERSARY PAPERS

Belding-Corticelli Head Sees Better Prospects

From Our Own Correspondent

MONTREAL.—A much more hopeful outlook than at the same period last year was noted by A. O. Dawson, president of Belding-Corticelli Ltd., at that company's annual meeting of shareholders. While business was coming in by small lots, he said it was moving freely and some improvement had also been noted in the export trade.

The meeting was largely routine in character and the retiring board of directors was re-elected without change.

AUBURN
POWERED BY LYCOMING

New 160 H.P. TWELVE

Auburn announces a new Twelve with advantages obtainable in no other car in the world! This new Auburn Twelve—Accelerates Faster—Runs Faster and Smoother—Climbs Hills Faster and Easier, than any other production car. Despite its size, power and speed, it is extraordinarily economical; will run more miles per gallon than many Sixes and Eights of far less Horse Power. The chassis is new from end to end, new Lycoming 12-cylinder motor; 392 inch piston displacement; 160 actual dynamometer Horse Power; horizontal opposed valves; 133 inch wheelbase; L. G. S. Free Wheeling with Silent-Constant Mesh Transmission; X-type cross-member frame; Bijur Automatic Chassis Lubrication; completely new shock-proof steering mechanism; new type extra large and powerful hydraulic brakes, and six-ply tires; improved universal joints, which should require lubrication only once a year. You never drove a car like it! For proof, we submit the car itself, with you at the wheel.

Improved STRAIGHT EIGHT

It was the Unequalled Value of Auburn's Eights that caused Auburn's sales to increase over 150% last year. We have sought for every possible way to still further improve these cars; we have strengthened—refined—and added many important comfort and performance features. Again Auburn Straight Eights offer The World's Greatest Motor Car Value; 100 Horse Power Lycoming Motor; 127 inch Wheelbase; L. G. S. Free Wheeling with Silent-Constant Mesh Transmission; Twist-proof X-type cross-member frame, originated by Auburn; Bijur Automatic Chassis Lubrication; Improved 4-Wheel Brakes; four 2-way Hydraulic shock absorbers; larger, heavier, irreversible steering mechanism; kick-shackle on front spring, that minimizes road-shock; more enduring body construction; body fully insulated; new, more luxurious interiors. Seven Models of Straight Eights, that again set the pace for greatest per-dollar Value. To satisfy yourself of the truth of every one of these claims, drive the new, improved Straight Eight.

"Eight" and "Twelve" Custom Models Include:

Dual Ratio

Auburn is first to make it possible to operate one axle which produces a high and low axle ratio. In the hills, a most efficient hill-climber. In the lower ratio the Auburn owner is able to sail away from traffic with extraordinary power and pep in get-away and speed. On the straight-away, with your car moving 20 to 60 M.P.H., turn the Dual-Ratio lever on the instrument panel, and the car continues at the same speed, but the motor speed drops one-third. Less vibration, quieter, more economical!

8 As To Prices 12
Auburn Maintains Its Reputation for Outstanding Value
AUBURN AUTOMOBILE COMPANY, Auburn, Indiana
Division of Cord Corporation

A. J. Pattison, Jr. & Co. LIMITED
INVESTMENT BANKERS
Dealers in Unlisted Bonds and Shares
Royal Bank Bldg. (Third Floor) Toronto, 2 Elgin 5101 10 Lines

The Most Widely Quoted Editorial Column in Canada
"The Nation's Business"
First Column on Page One

City and District Bank Reports Excellent Year

Shows Increases Under Every Heading in Financial Statement

Speaking at the annual meeting of the Montreal City and District Savings Bank, which was held at the head office of the Bank on Monday last, the Honourable Raoul Dandurand, president, in supplementing his printed address to the shareholders, said:—

PRESIDENT'S REMARKS

Gentlemen:—

Although the year just passed has been quite prosperous for the Bank, it has not fulfilled the hopes for the country at large that we thought we might expect.

On the contrary, the crisis which had existed for over fifteen months, has in a measure become more acute.

Our country may nevertheless congratulate itself at having come through the trying period with a courage that does it credit.

The present situation offers no encouragement to prophecy. He would be a presumptuous man indeed who would venture to foretell what the year has in store. Economists and financial writers are endeavouring to determine the causes of this world-wide depression. The discussions centre on German reparations, international debts, movements of gold and general disarmament and it is the solution of these problems which is to bring about the world's economic recovery.

It seems to be forgotten that these problems already existed from 1922 to 1929 and that nevertheless that was a period of general and increasing prosperity and that it was this same era of abundance that upset the reckoning of our poor unstable humanity.

It was in the United States, creditor nation of the world, with the largest gold reserves, that the financial fever was at its highest. It was there, it was in New York, that values soared to the high altitudes, into the blue. It was there and nowhere else that the crisis started, brought about by the abuse of credit in all lines. As the rise had reached the roof and even gone through it, so the comeback was frenzied and rapid. Industries had to slow up as over-production was evident. As a remedy for this, it was thought well to further protect the home market. Higher tariffs were imposed which prompted similar raises in other countries. The United States has since witnessed a fifty per cent reduction in its exports.

If the Governments of all countries do not come to an understanding to control production to present needs and to re-establish the normal course of exchange, there is no other remedy but to wait until the natural and inexorable law of demand and supply has restored our balance.

As his Grace Mgr. Gauthier so aptly put it on New Year's Day, "The tillers of the soil should not be the only ones to pay the piper."

Of course, things will right themselves eventually as in the past, as the lean years come and go with almost mathematical precision. Unfortunately the victims do not transmit to the succeeding generation their doleful experience. Our powerful neighbors to the South caused and brought on this crisis. It is their duty to end it. Such is the general opinion. Canada has undoubtedly felt the shock, but it has come back vigorously.

It is to the spirit of Order and Thrift of our people joined to the good habit of application to work that we owe this result. Can we do better than to encourage them in their good habits and may we repeat here the counsel which we never tire of giving that the savings bank book be the chief item of the family budget, so that the temptation to buy on credit may be resisted.

It is the eighty-fifth annual report which you have before you and our pleasure in presenting it to you is enhanced by the fact that we consider it very satisfactory. Increases are shown in every item of our business activity.

The amount due Depositors has increased by about $500,000. This amount would have been considerably larger, had it not been for the many public demands made on the resources of our depositors during the latter part of the year. Our profits also show a slight increase over the last year and are almost within touch of the highest level yet attained.

Moreover, in keeping with its prudent policy, the Bank has further strengthened its position thereby affording the utmost protection to its numerous clientèle.

The statement which we submit is particularly clear and needs no elaboration. The Bank's investments are of the highest grade which may readily be liquidated so that the Bank can pay at any moment any and all calls that may be made upon it.

The premises occupied by the Bank and its branches are its own absolute property, free from all encumbrance, and are carried on its books at less than 45% of their assessed value. The buildings erected during the course of the year have been paid for out of a special reserve built up for that purpose.

We take this opportunity to offer our thanks to the Bank's staff, the members of which have been untiring in their efforts to bring the Bank to its present state of efficiency.

We look to the coming year with a feeling of much confidence and the hope that the difficulties of the past two years will give place to a return of prosperity for the entire world and for Canada in particular.

THE MONTREAL

CITY AND DISTRICT SAVINGS BANK

85TH ANNUAL REPORT 85TH

To the Shareholders, Montreal, February 8th, 1932.

Gentlemen:

Your Directors have pleasure in presenting the Eighty-fifth Annual Report of the affairs of the Bank and the result of its operations for the year ending December 31st, 1931.

The net profits for the year were $366,135.34 and the balance brought forward from last year's Profits Account was $246,459.04, making a total of $612,594.38. In addition to the usual quarterly distributions to its shareholders, the Bank contributed from this amount $5,465. to various charitable and philanthropic Funds — independently of the amount of $10,200.00, interest on the Charity Donation Fund, distributed as usual — leaving a balance at the credit of Profits Account of $327,129.38 to be carried forward to next year.

It is with profound regret that your Directors record the death during the year of the Right Honourable Charles J. Doherty. As a director for 24 years and Vice-President since 1923, the late Mr. Doherty rendered signal service to the Bank. We feel that you share in our sorrow at his loss.

The vacancy on the Board has been filled by the appointment of Mr. M. A. Phelan, K.C.

As usual a frequent and thorough inspection of the books and assets of the Bank has been made during the year.

The Report of the Auditors and the Balance Sheet are herewith submitted.

R. DANDURAND, President.

GENERAL STATEMENT
DECEMBER 31st, 1931.

LIABILITIES

To the Public:		
Deposits bearing interest including interest accrued to date	$55,703,040.92	
Deposits not bearing interest	49,309.88	
Charity Donation Fund	180,000.00	
Other Liabilities	3,505,599.89	
		$59,437,950.69
To the Shareholders:		
Capital Stock (Amount subscribed $2,000,000), paid up	$2,000,000.00	
Reserve Fund	2,200,000.00	
Balance of Profits carried forward	327,129.38	
		4,527,129.38
		$63,965,080.07

ASSETS

Cash on hand and in Chartered banks	$ 6,761,013.33	
Dominion and Provincial Government Bonds	22,480,387.54	
City of Montreal and other Canadian Municipal Bonds and Debentures	23,145,153.39	
Bonds of Canadian School Municipalities	69,457.57	
Bonds of Canadian Public Utilities Corporations	2,881,927.50	
Sundry Securities	200,000.00	
Call and Short Loans, secured by collaterals	7,037,456.37	
Charity Donation Fund, invested in Dominion and Canadian Municipal Securities approved by the Dominion Government	180,000.00	
		$62,755,395.70
Bank premises (Head Office and Branches)	$1,170,000.00	
Other Assets	39,684.37	
		1,209,684.37
		$63,965,080.07

On behalf of the Board,

President. General Manager.

AUDITORS' REPORT

Having obtained all the information and explanations we have required, and having satisfied ourselves of the correctness of the Cash Balances and examined the Securities held against the money at Call and Short Notice and those representing the investments of the Bank, and having examined the foregoing Balance Sheet and compared it with the Books at the Head Office, and with the Certified Returns from the Branches, we are of opinion that the transactions of the Bank have been within its powers, and that the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs, as shown by the Books of the Bank.

C. A. SHANNON, L.I.A., C.P.A., of P. C. Shannon Son & Co.
JEAN VALIQUETTE, C.A., L.I.A., of Anderson & Valiquette
Auditors.

Montreal, January 29th, 1932.

WEEK'S CANADIAN STOCK AND BOND QUOTATIONS

Montreal, Toronto & Curb Stocks

WEEK ENDING FEBRUARY 8

Range 1932 High	Low	Divd. Rate	Yield in %		Sales	Close Feb. 1 (or last)	Week Ending Feb. 8 High	Low	Close
[illegible]									
x90	79	7	8.9	Do. pref.*	....	79	..	..	..
8	8	.	...	West. C. Flour	....	8	..	..	..
x96	70	6.50	9.3	Do. pref.	....	70	..	..	..
10	10	.	...	West. Grocers.	....	10	..	..	..
43	43	7	16.3	Do. pref.	....	43	..	..	..
x91	85	.	...	W. Steel Pr. p	....	91	..	..	..
‡9	9	.	...	Whittall Can.	....	..	..	..	..
x13	10	.	...	Windsor Hotel*	....	12	..	..	..
x73	71	6.50	9.1	Do. pref.*	....	71	..	..	..
8	6	.	...	Winnipeg Elec.	155	6	6	6	6
x81½	49	.	...	Do. pref.*	....	50	..	..	..
x40	36	.	...	Woods Mfg. p*	....	36	..	..	..
x80	80	.	...	Wood, Alex, Jp	....	80	..	..	..
‡2½	1½	.	...	Zimmerknit	....	..	..	..	..
x7	7	.	...	Do. pref.	....	7	..	..	..

x Quotations for 1931. No sales recorded in 1932 to date.
a Or payable in stock.
b New York Quotations.
‡ Quotations for 1930.
d Stock div.
c 2½c monthly plus stock dividend of ½ of 1% monthly.
† Plus stock bonus.
* Minimum price is set, below which trading is not permitted for time being. List of minimum prices is given elsewhere.

Winnipeg Stock Exchange

February 5, 1932

	Bid	Ask
Beaver Fire	..	115
Beaver Lumber c.	5⅞	..
Can. Amer. Tr. sh.	..	8¾
City Dairy (Wpg.) pref.	..	75
Corporate Steel c.	..	10
Crescent Cream. pf.	..	85
Home Investment	..	50
Monarch Life	25	30
North. Trust	..	24
Un. Gr. Growers	..	14
West. Breweries	1½	2
Fund. Tr. shs. A	..	3⅞
Do., B	..	4
Grouped Inc. Shs.	..	4.35

Dividends Declared

	Annual rate	Amt. this payment	Date payable	Date of record
Bk. Can. Nationale	10%	2½%	Mar. 1	Feb. 15
Bank of Montreal	12%	3%	Mar. 1	Jan. 30
Borden's	$3	75c	Mar. 1	Feb. 15
Bank of Toronto	12%	3%	Mar. 1	Feb. 15
Brazilian Tr. ord.	$1	25c	Mar. 1	Jan. 30
Belding Corticelli pfd.	7%	1¾%	Mar. 15	Feb. 29
Can. Pacific Railway	$1.25	31¼c	Apr. 1	Mar. 1
Do., pref.	4%	2%	Apr. 1	Mar. 1
Can. Silk Products "A"	$1.50	37½c	Mar. 1	Feb. 15
Canadian Car, c.	$1	25c	Feb. 29	Feb. 15
Can. Converters	2%	50c	Feb. 15	Jan. 30
Can. Wire & Cable "A"	$4	$1	Mar. 15	Feb. 29
Do., pref.	6½%	1⅝%	Mar. 15	Feb. 29
Canadian Car, pref.	$1.75	44c	Apr. 9	Mar. 26
Can. Hydro Elec. 1st pfd.	6%	1½%	Mar. 1	Feb. 1
Canadian Oil, c.	$1	25c	Feb. 15	Feb. 1
Do., pref.	8%	2%	Apr. 1	Mar. 19
Can. Bank of Commerce	12%	3%	Mar. 1	Jan. 31
Cons. Sand & Gravel, pfd.	$7	$1.75	Feb. 15	Jan. 30
Capital Trust, c.	$5	$5	Mar. 1	Dec. 31
Cosmos Imp., pref.	$7.00	$1.75	Feb. 15	Jan. 28
Canada Bread, "B"	$2	50c	Mar. 1	Feb. 15
Crow's Nest Coal	$3	75c	Mar. 1	Feb. 10
Collingwood Terminals pfd.	7%	1¾%	Feb. 27	Feb. 15
Cities Service, com.	30c	2½c	Mar. 1	Feb. 15
Do., stk. div.	6%	½%	Mar. 1	Feb. 15
Canada Starch, pfd.	$7	$3.50	Feb. 15	Feb. 8
Dome Mines	$1	25c	Apr. 20	Mar. 31
Dominion Bridge	$2.50	62½c	Feb. 15	Jan. 30
Do.	...	62½c	May 16	Apr. 30
Eastern Theatres, com.	$2	50c	Mar. 1	Jan. 30
East Koot. Pr., pref.	$7.00	$1.75	Mar. 15	Feb. 29
Foreign Pr. Secs. pfd.	6%	1½%	Feb. 15	Jan. 31
Foundation Co.	$1	25c	Feb. 15	Jan. 30
Hollinger Cons. Mines	65c	5c	Feb. 25	Feb. 11
International Coal	...	2%	Feb. 15	Feb. 1
Imperial Oil (coupon 32)	50c	12½c	Mar. 1	Feb. 12
Inter. Milling, pref.	7%	1¾%	Mar. 1	Feb. 20
Do., pref. "A"	6%	1½%	Mar. 1	Feb. 20
Kelvinator, pref.	7%	1¾%	Feb. 15	Feb. 5
Lindsay, C. W.	$1	25c	Mar. 1	Feb. 15
Do., pref.	6½%	1⅝%	Mar. 1	Feb. 15
Laura Secord, c.	$3	75c	Mar. 1	Feb. 15
Langley's, pref.	$7.00	$1.75	Feb. 15	Jan. 30
Loblaw Groc. c. "A"	80c	20c	Mar. 1	Feb. 12
Do., com. "B"	80c	20c	Mar. 1	Feb. 12
Montreal Loan & Mtge.	12+1%	3+1%	Mar. 15	Feb. 29
McColl Fron., c.	60c	15c	Mar. 15	Feb. 15
McIntyre Mines	20%	5%	Mar. 1	Feb. 1
National Biscuit pfd.	7%	$1.75	Feb. 29	Feb. 11
Do., com.	$2.80	70c	Apr. 15	Mar. 18
Northern Can. Mtge. pfd.	$1.50	37½c	Jan. 15	Dec. 31
N. S. Light & Pr. pfd.	$6	$1.50	Mar. 1	Feb. 13
Ontario Steel, pref.	7%	1¾%	Feb. 15	Jan. 30
Power Corp., com.	$2	50c	Feb. 20	Jan. 30
Penmans, com.	$3	75c	Feb. 15	Feb. 5
Page Hersey	$5	$1.25	Apr. 1	Mar. 19
Do., pref.	$7	$1.75	Apr. 1	Mar. 19
Provincial Bank	$9	$2.25	Mar. 1	Feb. 15
Rolland Paper, pref.	$6	$1.50	Mar. 1	Feb. 15
Royal Bank	12%	3%	Mar. 1	Jan. 30
South Can. Power com.	$1	25c	Feb. 15	Jan. 30
Standard Paving, pref.	$7	$1.75	Feb. 15	Jan. 30
Simon, H. & Sons, pref.	7%	1¾%	Mar. 1	Feb. 20
Western Empire Life Assur.	4%	4%	Mar. 1	......

Dividends Passed or Deferred:

Ontario Steel, com. Feb. 15 passed. Last paid 20c. Nov. 16, 1931.

Canada Wire & Cable, Class "B" Mar. 15 passed. Last paid 25c. Dec. 15, 1931.

Can. Power & Paper Investments, pref. Feb. 15, passed. Last paid 62½c. Nov. 16, 1931.

Upper Canada Investment pref. Payment due Mar. 1 not declared. Future payments may be semi-annual. Last payment 43¾c. Dec. 1, 1931.

Distillers-Seagram, c. Feb. 15 passed. Last paid 25c. Nov. 16, 1931

Simon, H. & Sons, com., Mar. 1 passed. Last paid 62½c. Dec. 1, 1931.

Dividend Rate Reduced:

Can. Converters 50c. Feb. 15. Reduced from $4 to $2 per annum.

Dominion Bridge 62½c. Feb. 15. Reduced from $3 to $2.50 per annum.

Can. Car. com., 25c. Feb. 29, reduced from $1.75 to $1 per annum.

Penmans, com., 75c. Feb. 15. Reduced from $1 to 75c. quarterly.

Ontario Equitable Life 20c. Feb. 10. Reduced from 60c. to 40c. per annum.

Extra Dividends:

Montreal Loan & Mortgage 1% March 15.

Listed Bond Quotations

Week Ending February 8

Montreal	Int. Rate	Due	Yield	Latest Ask	High	Low	Range 1932 High	Low
Abitibi, 1st mtge.	5	1953	...	†39½	...	...	39½	34½
Asbestos	5	1942	10.55	†65	...	...	65½	...
Asbestos, 1st mtge.	6	1941	...	...	...	...	x20	14
Do., gen. mtge.	6	1956	...	...	...	...	x9	...
Can. Cons. Rub.	6	1946	...	...	...	...	x69¾	...
Can. Cottons	5	1940	6.48	...	...	...	x91	90
Can. Forgings	6	1942	6.00	...	...	...	x100	...
Can. Locomotive	6	1951	...	...	...	...	‡96	...
Can. Pr. (La. Ser.)	5½	1958	...	10	...	...	x28½	5
Do. (Way. Ser.)	5½	1958	...	...	...	...	x28½	5½
Can. S. S. deb.	5	1943	...	...	...	...	‡98½	...
Cedars Rapids	5	1953	5.15	...	...	...	98	98
Dom. Canners	6	1940	...	...	...	...	‡103	...
Dom. Coal	5	1940	5.29	...	...	...	x98½	98
McNish	6	1948	...	2.00	...	...	x3.25	2.25
Mex. L. & Pr.	5	1940	10.05	...	...	...	x73½	70½
Mont. L. H. & P.	4½	1932	...	...	...	...	‡100	98⅞
Mont. Tr. 1st mtge.	5	1941	5.83	...	...	...	x101½	90½
Mont. Tr. "A"	5	1955	6.82	†78	...	...	79½	79
Mont. Tr. G. & R. "B"	5	1955	6.75	...	...	...	79¾	78¾
Do., "C"	4½	1955	5.64	...	...	...	x85	84
Do., "D"	5	1955	6.85	...	...	...	78½	78
N. S. Steel	5	1959	...	...	...	...	x62⅝	59
Ogilvie Flour "A"	6	1932	6.00	†100	...	...	100	...
Do., "B"	6	1932	...	†100	...	...	‡100⅞	100
Do., "C"	6	1932	6.00	†100	...	...	100	...
Ont. Steel	6	1943	5.94	†100½	...	...	100½	...
Porto R. Pr.	5	1936	7.95	...	...	...	x93	88
Steel of Can.	6	1940	4.98	†102½	...	...	x107½	106¾
Wayagamack	6	1951	...	41	...	...	x75	45
Winn. Elec.	5	1935	5.12	91	...	...	x99½	98¾
Toronto								
Canada Bread	6	1941	6.00	†80	...	...	x101½	100
Steel of Can.	6	1940	5.12	...	...	...	x106½	...
Dominion Govt. Bonds (Montreal)								
War Loan	5	1937	3.75	105.75	....	....	105.50	105.00
Victory Loan	5½	1933	5.14	100.75	100.50	....	100.50	100.25
Do.	5½	1934	5.53	99.85	99.85	99.70	99.85	99.25
Do.	5½	1937	4.56	104.75	....	....	104.75	104.00
Do., refund	4½	1940	5.69	91.65	....	....	92.50	91.50
Do., refund	5	1943	5.50	95.75	95.60	....	97.00	95.38
Do., refund	4½	1944	5.52	90.75	....	....	89.50	....
Do., refund	4½	1946	5.48	90.50	....	....	....	....
Do., renewal	5½	1932	4.80	100.50	....	....	99.87	....
Conversion Loan	4½	1956	5.34	†88.00	....	....	88.50	88.25
Do.	4½	1957	5.40	†88.50	....	....	....	....
Do.	4½	1958	5.30	90.50	....	....	89.25	88.50
Do.	4½	1959	5.36	90.50	89.75	....	90.00	89.00
Nat. Service Loan	5	1936	5.65	†96.75	97.25	96.75	97.25	96.25
Do.	5	1941	5.50	96.10	95.75	95.25	97.13	94.90

†Latest bid.

‡Quotations for 1930. x—For 1931. None recorded in 1932 to date.

Stocks With Minimum Prices

Atlantic Sugar, com.	22½
Bell Telephone	119
B. C. Power "A"	24
Bruck Silk Mills	4½
Calgary Power	137
Canada Cement	5
Do., pref.	60
Canada Forgings "A"	10
Can. Nor. Power, c.	19½
Canada Steamships, pfd.	9
Can. Wire & Cable "A"	55
Do., class "B"	18
Can. Bronze	19
Do., pref.	102
Can. Canners, c.	8
Do., 1st pref.	80
Do., convert. pfd.	9
Can. Car & Foundry	6½
Do., pref.	14¾
Can. Celanese	6½
Do., pref. 7%	65
Can. Converters	30
Can. Cotton	50
Can. Hyd.-Elec. pfd.	66
Catelli Mac., pfd. "A"	12
Dominion Bridge	27
Dominion Coal, pfd.	25
Dom. Glass, com.	82
Dom. Textile, com.	63½
Donn. Paper	10
East. Dairies	20
East. Steel, com.	15
Do., pref.	97
Enamel & Heat. Prod.	5
Gurd & Co.	21
Gypsum, Lime	5
Hamilton Bridge	7
Do., pref.	64
Hillcrest Coll., pfd.	88
Inter. Power	5
Do., pref. 1st.	57
Jamaica Pub. Ser.	40
Do., pref.	100
Mitchell, J. S.	35
Montreal Cottons	92
Do., pref.	95
Mont. Light, Heat	36
Nat. Breweries	24
Do., pref.	31
National Steel Car	10
Ogilvie Milling	185
Ont. Steel Products	10
Do., pref.	90
Ottawa L. H. & Pr.	104
Penmans, com.	33
Power Corp.	36½
Price Bros.	25
Do., pref.	70
Quebec Power	29
Shawinigan Power	33
Simons & Sons	17
Do., pref.	90
Southern Can. Pr.	25
Steel Co. of Can.	20
Viau Biscuit, pfd.	75
Wabasso Cotton	10
Weston's, com.	38
Do, pref.	75
Windsor Hotel	10
Do., pref.	72
Winnipeg Electric, pref.	50
Woods Mfg., pref.	40
Trust and Loan	
Canada Perman.	185
Central Can. Loan	295
Economic Invest.	32
Huron & Erie	139
Do., 20% paid	23
Landed Banking	145
National Trust	245
Ontario Loan	114½
Real Estate Loan	105
Tor. Gen. Trusts	210
Tor. Mortgage	105
Union Trust	95
Banks	
Banque Canadienne	155½
Bank of Commerce	186
Dominion Bank	189
Imperial Bank	188
Bank of Montreal	215
Bank of N. S.	269
Royal Bank	211
Bank of Toronto	193

Note re Unlisted Securities

Although The Financial Post strives to obtain the closest quotations possible on the unlisted stocks and bonds in the various tables on this page and the adjoining page, the quotations are not guaranteed and no responsibility is assumed in connection with them. In inactive markets, many quotations can be little more than nominal but it is felt that even a nominal quotation giving an idea of approximate price is better than none at all.

Unlisted Canadian Stocks

(Furnished by A. J. Pattison, Jr. & Co., Limited)

February 9, 1932

Industrial Stocks:	Bid	Asked
Acadia Sugar c.	.20	.40
Acadia Sugar pfd.	1.25	2.50
Acme Farmers Dairy pfd.	72.00	....
Allens Coll. pfd.	30.00	....
Allens Lond. pfd.	20.00	....
Andian N. Corp.	20.00	23.50
B. C. Pulp & Paper c.	1.50	3.25
B. C. Pulp & Paper 7% pfd.	15.00	....
Can. Biscuit pfd.	....	9.00
Can. & Dom. Sugar c.	16.50	18.50
Can. Machinery c.	4.00	6.50
Can. Machinery 7% pfd.	21.00	31.00
Can. Packers 7% pfd.	78.00	83.00
Can. Packers c.	12.00	14.00
Can. Starch pfd.	65.00	....
Can. Tea pfd.	54.00	....
Can. Wire & Cable pfd. W.W.	84.00	90.00
Can. Celanese pfd.	51.00	....
Can. Indus. c. 'A'	78.00	....
Do., "B"	78.00	83.00
Do., 7% pfd.	100.00	110.00
Can. West'house	51.00	60.00
Chase, A. W. Units	31.00	36.00
Cons. Oka Sand & Gravel pfd.	50.00	....
Copeland Flour 6% pfd.	....	10.00
Dairy Corp. pfd.	....	38.00
Dodge Mfg. "A" pfd.	7.00	....
Dodge Mfg. "B" com.	.50	....
Dom. Foundries & Steel pfd.	56.00	....
Dom. Foundries & Steel com.	7.00	10.00
Dom. Manuf. pfd.	70.00	....
Dunlop Tire 7% pfd.	65.00	77.50
East. Car 6% pf.	45.00	....
Fed. Grain pfd.	21.00	28.00
Goderich Elevator & Transit	15.00	17.00
Greening Wire 7% pfd.	83.00	89.00
Guard. Realty pfd.	34.50	40.00
Guelph Carpet pf.	72.00	....
Hard. Carpet pfd.	....	51.00
Inter City Baking com.	32.50	42.00
Internat. Prop. A	21.50	24.75
Loew's London c.	.50	2.00
Loew's Lond. pfd.	4.00	5.50
M. & P. Stores pf.	....	93.00
Massey-Harris pf.	10.00	14.00
Morrow Screw Nut 7% pfd.	94.00	98.00
Mount Royal Htl. Scrip	1.00	....
Mount Royal Htl. com.	2.25	3.50
Mount Royal Htl. 6% pfd.	15.00	18.00
Nat. Grocers c.	.75	1.50
Nat. Grocers 2nd 7% pfd.	34.00	42.00
Para. Oshawa c.	8.00	....
Prov. Paper pfd.	....	65.00
Rolland Paper pfd. W.W.	36.00	....
Standard Clay Products c.	8.00	....
Standard Fuel pfd. bonus	54.00	62.00
Supertest Petrol. "B" pfd.	16.50	....
Toronto Brick pf.	38.00	60.00
Tor. Carpet c.	115.00	....
Tor. Carp. 8% pf.	98.00	....
Tor. Elev. 7% pf.	68.00	75.00
Tor. Housing c.	20.00	30.00
United Amuse. A	14.00	....
West. Grain pfd.	21.00	28.00
Willards Choc. pfd.	25.00	38.00
Insurance Stocks:		
Br. Amer. Assce.	25.00	....
Can. Life Assce.	430.00	505.00
Can. Nat'l Fire	18.25	25.00
Can. Fire Ins.	76.00	85.00
Capital Life 20% pd.	10.00	17.00
Confederation Life 20% pd.	150.00	180.00
Crown Life	105.00	....
Dominion Fire	91.00	120.00
Dom. of Can. Gen. Ins.	195.00	230.00
Dominion Life 50% pd.	250.00	350.00
Excelsior Life 30% pd.	100.00	125.00
Fidelity Insur. of Canada	....	72.00
Great West Life	320.00	365.00
Guarantee Co. of N. A.	245.00	....
Halifax Fire	8.00	14.00
Imperial Life	300.00	330.00
Manufac. Life	275.00	300.00
Monarch Life 10% pd.	22.00	28.00
National Life 25% pd.	110.00	125.00
Saskatchewan Life 10% pd.	10.00	17.00
Sovereign Life 25% pd.	24.00	30.00
Sun Life Assur.	425.00	525.00
West. Assur. Co.	23.00	29.00
Western Life 20% pd.	8.00	....
Trust & Loan Stocks:		
Brit. Mtge. & T.	165.00	....
Can. Gen. Invest. Ltd.	5.00	6.25
Chartered Trust	....	98.00
Debenture & Sec. com.	....	38.00
Debenture & Sec. pfd.	....	45.00
Eastern Can. Sav. & Loan	118.00	135.00
Eastern Trust	140.00	170.00
Guelph & Ont. Inv. par $50	53.00	63.00
Investment Found. Units	19.50	26.00
Lambton Loan & Savings	76.00	....
London & West. Trust	98.00	115.00
Midland Loan & Savings	15.00	....
Mtge. Disct. pfd.	4.00	4.75
Mutual Fin. pfd.	2.25	5.00
Mutual Fin. com.	2.25	5.00
Premier Trust	70.00	80.00
Security Loan & Savings	105.00	115.00
Sherbrooke Tr.	112.00	....
Sterling Trust	....	90.00
Traders Fin. pfd.	33.00	41.00
Traders Fin. com.	....	3.50
Trusts & Guar.	60.00	71.00
Victoria Trust & Savings	165.00	....
Waterloo Trust & Savings	120.00	135.00
Power Issues:		
B.C. Elect. Pwr. & Gas pfd.	93.00	96.00
Calgary Pwr. pfd.	63.00	70.00
Can. Light & Power c.	17.00	27.50
Can. West. Nat. Gas LH&P c.	20.00	....
Can. West. Nat. Gas LH&P pfd.	66.00	71.25
Great Lakes Pwr. pfd.	....	80.00
N.B. Pwr. 1st pf.	42.00	56.00
N.B. Telephone c.	10.00	14.00
N.S. L&P pfd.	65.00	80.00
Ottawa LH&P 6½% pfd.	94.00	102.00

Recent London Quotations:

Brewer Distillers	2s. 6d.
Can. & For. Sec.	5s.
Can. West. Lumber	1s. 6d.
Hudson's Bay	20s.
Do., 5% pfd.	55s.
Internat. Holdings	$1½
Nfld. Pr. & Pap. deb. stk.	85
Trust & Loan of Can. (15s. pd.)	1s.

Active Current Bond Prices

February 8, 1932

	Bid	Asked	Yield
Dominion of Canada 5½/33	100½	100⅞	5.14
Dominion of Canada 5½/34	99½	100	5.50
Dominion of Canada 5/43	95.	96.	5.46
Dominion of Canada 4½/46	89½	90½	5.48
Dominion of Canada 4½/56	88.	89.	5.30
Dominion of Canada 5/36	96¾	97½	5.58
Dominion of Canada 5/41	95½	96½	5.50
C. N. R. (Dom. of Can. Guar.) 4½/51	88.	89.	5.43
C. N. R. (Dom. of Can. Guar.) 4¾/55	90.	91.	5.43
C. N. R. (Dom. of Can. Guar.) 5/54	92.	93.	5.55
C. N. R. (Dom. of Can. Guar.) 5/69	94.	94½	5.32
Province of Ontario 5/48	92.	94.	5.55
Province of Ontario 5½/47	96.	98.	5.70
Province of Ontario 6/35	100.	102.	5.25
Province of Ontario (Hydro) 4½/70	84.	86.	5.63
Province of Quebec 4½/56	87.	89.	5.30
City of Montreal 6/41	100.	102.	5.70
Abitibi Power & Paper 5/53	45.	50.	10.00
Argentine Gov't. (Ser. B) 6/58	51.	52½	...
Beauharnois Power 6/59	52.	55.	...
Bell Telephone Co. of Canada 1st, 5/57	99.	102.	4.85
Brazil, U. S. of, Ext. S. F. 6½/57	18.	19½	...
British Columbia Power 5/60	78.	83.	6.30
British Columbia Power 5½/60	85.	90.	6.25
British Columbia Telephone 5/60	88.	92.	5.55
Calgary Power 5/60	78.	83.	6.30
Canada Cement 1st Mtge. S. F. 5½/47	87.	90.	6.55
Canada Northern Power Corp. 5/53	75.	80.	6.80
Canada Steamship Lines 1st & Gen. 6/41	37.	45.	...
C. P. R. Collateral Trust 5/54	86.	90.	5.80
C. P. R. Secured 4½/44 Notes	77.	81.	6.47
Chile Republic Ext. S. F. 6/60	12½	13¾	...
Colombia Republic Ext. S. F. 6/61	24.	24½	...
Davies, Wm. 6/42	70.	80.	9.00
Dominion Canners 6/40	96.	100.	6.00
Dominion Square Corporation 6/48	60.	65.	10.30
Dominion Tar & Chemical 6/49	76.	80.	8.25
Dominion Textile 6/49	97.	100.	6.00
Duke Price Power 1st, 6/66	87.	93.	6.50
Eastern Dairies, Ltd., Conv., 6/49	86.	92.	6.80
Eaton, T. Realty 5/49	84.	90.	5.90
Famous Players 6/48	68.	76.	8.90
Federal Grain 6/49	60.	70.	9.10
Foreign Power Securities Corp. 6/49	65.	75.	8.80
Fraser Companies 6/50	35.	45.	...
Gatineau Power, 1st Mtge. 5/56	76.	79.	6.75
Gatineau Power, S. F. Debs. 6/41	67.	70.	11.00
General Steel Wares 6/52	39.	...	...
Howard Smith Paper Mills 5½/53	56.	63.	9.50
Harris Abattoir 6/47	75.	85.	7.75
Manitoba Power, 1st S. F. 5½/51	60.	70.	8.75
Maple Leaf Milling 5½/49	63.	68.	9.20
Massey-Harris 1st Mtge. 5/47	64.	72.	8.30
MacLaren Quebec Power 5½/61	76.	81.	7.00
Montreal Coke, 1st S. F. 5½/47	94.	98.	5.70
Montreal Island Power 5½/57	86.	89.	6.40
Montreal Light, Heat & Power 5/51	95.	98.	5.15
Montreal Tramways 1st Coll. Trust 5/41	90.	93.	6.00
Montreal Tramways Gen. Ref. 4½/55	70.	75.	6.60
Montreal Tramways 5/55	78.	82.	6.50
Moodie, J. R. 6/48	85.	90.	7.00
Ogilvie Flour Mills 6/32	...	...	...
Ontario Power Service 5½/50	62.	68.	9.10
Ottawa Valley Power 5½/70	89.	92.	6.13
Power Corporation of Canada 4½/59	60.	67.	7.30
Price Bros. 1st S. F. Ser. "A" 6/43	55.	61.	11.55
Quebec Power 1st Mtge. Coll. S. F. 5/68	83.	86.	5.95
Shawinigan Water & Power 4½/70	83.	89.	5.15
Shawinigan Water & Power 5/70	92.	98.	5.12
Simpsons 6/49	78.	85.	7.50
Southern Canada Power 1st, 5/55	90.	96.	5.30
United Securities Coll. Trust 5½/52	85.	90.	6.37
West Kootenay Power 5/56	85.	88.	6.00
Windsor Hotel 6½/43	90.	100.	6.50
Windsor Hotel 6/47	85.	90.	7.10
Winnipeg Electric 5/35	90.	100.	5.00
Winnipeg Electric 6/54	60.	70.	9.20

Foreign Exchange

	New York Funds High	Low	Last Year High	Low
	(Premium)		(Premium)	
February 3	14⅝%	14½%	7-64%	1-16%
February 4	15	14½	1-16	1-32
February 5	14 15-16	14⅝	3-64	1-64
February 6	15⅜	14 15-16	1-32	1-64
February 8	16½	15¼	x1-32	x3-64
February 9	16⅜	15¾	1-32	Par

x—Discount.

STERLING, FRANCS AND LIRE

	Sterling Close	Francs Close	Lire Close
February 3	3.44 3-4	3.93 1-2	5.15 3-4
February 4	3.45 3-4	3.93 5-8	5.18 3-4
February 5	3.45 1-4	3.93 5-8	5.22 1-4
February 6	3.44 3-4	3.93 5-8	5.22 1-4
February 8	3.45	3.93 5-8	5.21
February 9	3.44	3.93 5-8	5.19 3-4

FOREIGN EXCHANGE

Par		Jan. 26	Feb. 3	Feb. 9
5.26	Italian	5.77½	5.80¾	6.04½
23.80	German	27.09¾	27.13½	27.61¾
13.90	Belgian	16.06	15.96	16.18
49.80	Japanese	42.20	41.84	42.43

DOMINION MOTORS ACQUIRE CANADIAN RIGHTS FOR REO

On Simple Basis of Purchase of Essential Reo Parts

Completion of negotiations between Dominion Motors, Ltd., of Toronto and the Reo Motor Co., of Lansing, Mich., means that hereafter Reo cars and trucks will in future be made, distributed and serviced in Canada.

During the many years that the Reo automobiles have been distributed in Canada—the sales organization of the Reo Company holds a Dominion charter dating back to 1904—they have been imported practically complete.

By the recent arrangement Dominion Motors, Ltd., has acquired the sole rights for manufacturing and distributing the entire line of Reo passenger cars and the Reo Speed Wagon in Canada, according to the statement of a high official of the company, on the simple basis of purchase of essential parts from the American company. Introduction of Canadian-made parts in increasing quantities is not precluded, it is understood, and Dominion Motors, Ltd. is free to follow its own programme entirely from the marketing and servicing standpoints.

Sales and service will be handled by Reo Motor Co. of Canada which becomes a wholly-owned subsidiary of Dominion Motors, Ltd.

Roy D. Kerby, president of the Toronto concern, says that the Reo will round out the company's line and fit in well with the production capacity of the plant. At the same time Mr. Kerby emphatically denies the rumor that the manufacture of either the Durant or Frontenac cars, or of the Rugby truck, will be discontinued.

Dominion Motors' factory, formerly that of Durant Motors of Canada, Ltd., has a floor space of 512,000 square feet, covering approximately 18½ acres. The company has a capitalization of $3,000,000 composed of common stock of $10 par value, of which $2,870,000 is issued and outstanding, having been subscribed by the Canadian public. The new arrangements involve no transfer of stock or cash, no new financing, and no additions or changes in the list of officers of the company, consisting of Mr. Kerby, president and general manager; James A. Brand, secretary-treasurer and comptroller; P. J. Duggan, sales manager; and P. J. Averill, factory manager.

Officers of New Reo Motor Company of Canada

P. J. DUGGAN
Vice-president

ROY D. KERBY
President

JAMES A. BRAND
Secretary-treasurer

These are the new officers of Reo Motor Co. of Canada, a subsidiary of Dominion Motors Limited, Toronto, which will sell Reo products throughout Canada. Dominion Motors Limited has formed a very close association with Reo Motor Co. of Lansing, Mich., for the manufacture of Reo passenger cars and Reo trucks in Canada.

AMERICA FAVORS MERGER: EUROPE LEANS TO CARTEL

(Continued from page 9)

Industries Ltd., Canadian Consolidated Felt, Maple Leaf Milling Co., Montreal Tramways Co., Sherwin-Williams Paint Co., Union Gas Co. of Canada and Steel Co. of Canada among others.

Before the outbreak of war in 1914, other consolidations had made their appearance, some of the better known being Canada Foundries and Forgings, Ontario Steel Products, Canada Steamship Lines, Imperial Tobacco, Southern Canada Power, Tuckett Tobacco, and Woods Manufacturing Co.

Lull in Consolidations

During the war years mergers were few and far between, those still retaining their corporate identity being Canada Iron Foundries, Dominion Foundries and Steel, Fraser Companies, Mining Corp. of Canada.

Though the post-war years were not particularly fruitful of mergers, one of the largest ever attempted and which was doomed to be reorganized only a few years later, was the British Empire Steel Corp.

Hey-day of Mergers

The hey-day of mergers in Canada, however, took place between 1925 and 1929. In that time in excess of 60 consolidations were effected. The bumper year was in 1928, when an average of one every two weeks took place. While a large number of these mergers were the result of economic forces, it is recognized that not a few were created primarily for the purpose of selling new securities to the public.

These 1925-1929 mergers covered a wide field. In the paper industry there were Canada Power and Paper and St. Lawrence Corp.; in foodstuffs, Associated Breweries of Canada, Associated Quality Canners, Canada Biscuit, Catelli-Macaroni Products, Consolidated Bakeries, Inter-city Baking and Canada Vinegar; in transportation, Sin-Mac Lines and Eastern Canada Coastal Steamships; in iron and steel, Western Steel Products, Hayes Wheels and Forgings; in construction and building products, Asbestos Corp. of Canada, Building Products, Canada Paving and Supply, Dominion Tar and Chemical, Gypsum, Lime and Alabastine Canada; in utilities, International Power Co.; in miscellaneous, Amalgamated Electric Corp., Agnew-Surpass Shoe Stores, Canadian Departmental Stores, Federal Grain. General Steel Wares, Canadian Terminal Systems, Standard Fuel, Eastern Dairies and Canadian Wirebound boxes.

The third article in this series, "Is There Magic in Mergers?" will appear shortly.

MUTUAL FINANCE EARNS DIVIDENDS

Profit Was $88,506 in 1931 Compared With $101,432 in 1930

Mutual Finance Corp. of Windsor, Ont. reports profits of $88,506 for 1931 as compared with $101,432 for 1930. After increased provision for depreciation and taxes and payment of $54,720 in preferred dividends, the company earned 26 cents per share on the 34,200 shares of $10 par value stock outstanding as against 47 cents per share in 1930. Dividend of 8 per cent was paid on the 68,400 shares of $10 par value preferred outstanding.

INCOME AND SURPLUS ACCOUNT
Years Ending Dec. 31

	1931	1930
Profits	$88,506	$101,432
Less: Depreciation	13,254	2,625
Taxes	11,532	10,907
Net profits	63,720	87,900
Pref. divds.	54,720	54,720
Com. dividends	......	17,100
Surplus for year	9,000	16,080
Prev. surplus	107,000	90,920
Bal. carr. forward	116,000	107,000

Collingwood Terminals Pfd. Dividend Declared

A dividend of 1¾ per cent has been declared on the preferred stock of Collingwood Terminals Ltd., payable February 27 to shareholders of record February 15. This is the first dividend on the preferred stock to be paid since dividends were deferred in March, 1931. As at December 31, 1930, there were 2,659 shares of $100 par value preferred outstanding.

The annual meeting of the company has been called for March 16.

Canadian Quotations—Cont'd

Winnipeg Grain Prices

Week to February 9

Crop Year from Aug. 14 High	Low		Open Feb. 3	High for week	Low for week	Close Feb. 9
		Wheat				
.76½	.55½	May	.63½	.63¼	.62⅝	.63
.77⅞	.61½	July	.65	.65½	.64½	.64½
.67½	.63⅞	Oct.	.66½	.66⅝	.65⅝	.66
		Oats				
.38	.28	May	.32½	.32½	.31⅞	.31⅞
.37½	.31⅝	July	....	.32⅝	.31⅝	.31⅝
		Barley				
.47½	.32½	May	.39¾	.40½	.39½	.40
.45½	.38½	July	.39⅛	.39¾	.39½	.39½
.43½	.38½	Oct.	....	.39⅝	.39⅛	.39⅝
		Flax				
1.21	.97½	May	1.03	1.03⅝	1.01⅞	1.02
1.16½	1.00½	July	...	1.03	1.01⅞	1.01⅞
		Rye				
.59⅛	.32½	May	.46⅞	.47½	.44⅝	.44⅞
.59	.43⅝	July	.48⅝	.48⅝	.45⅞	.45⅞

Canadian Bonded Grain in U. S.

Quotations on New York Produce Exchange, Basis Buffalo
Week to February 9

High	Low †to date		Close Feb. 2	High for week	Low for week	Close Feb. 9
		Wheat				
.72	.55¾	May	.58	.58½	.57½	.57½
.60⅝	.53¾	July	.59	.59⅛	.58	.58

†Since trading opened March 3, 1931.

Mining Stock Quotations

Week Ending February 8

Par Val.	Range 1932 High	Low	Company	Sales	Close Feb. 1 (or last)	High for week	Low for week	Close Feb. 8
1	.05	.04	Abana	200	.05	.05	.05	.05
1	.02	.01	Aconda	3,000	.01	.01	.01	.01
1	*.05¼	.03½	Adrien	......	.04⅞	.....	.....	.....
No	.15	.15	Aldermac	......	.15	.....	.....	.....
1	.08¼	.05	Alexandria	31,500	.06	.08¼	.05	.07½
1	.01¼	.00½	Algonquin	46,000	.01	.01¼	.01	.01
1	.01	.00½	Amity C.	......	.00½	.....	.....	.....
No	.22	.17	Amulet	5,450	.18	.18	.17	.17
1	.00½	.00¼	Apex	......	.00½	.....	.....	.....
1	.01½	.01½	Area	......	.01½	.....	.....	.....
1	*.01	.00¼	Argo. Cons.	......	.01	.....	.....	.....
No	.02	.01½	Arno	18,500	.01½	.01½	.01½	.01½
1	.02	.02	Astoria	......	.02	.....	.....	.....
1	*.02	.00¼	Atlas	......	.00¼	.....	.....	.....
1	.05	.03½	Bagamac	43,000	.03½	.05	.03½	.05
1	.00¾	.00¼	Baldwin	1,000	.00¾	.00¾	.00¾	.00¾
1	.11	.07	Barry Holl.	19,100	.07½	.08	.07	.07½
No	1.00	.90	Base Metals	100	.90	.90	.90	.90
No	*.04	.00⅞	Bathurst	......	.03	.....	.....	.....
5s	*1.75	.60	B'Wana McKubwa	......	1.00	.....	.....	.....
1	*.28	.26	Ben Nevis	......	.27	.....	.....	.....
No	.12	.05	Bidgood	23,600	.06¼	.08	.05	.07
1	.16	.12	Big Missouri	4,700	.13	.14	.12	.13
1	*.05½	.04½	Blue Quartz	......	.04½	.....	.....	.....
1	.05½	.02¾	Bobjo	29,200	.05½	.05¼	.04¾	.04¾
No	*.01	.00½	Boischatel	......	.01	.....	.....	.....
1	.07½	.06¼	Brett Trethewey	4,500	.06½	.07	.06½	.07
No	.03	.02	Brownlee	6,000	.02½	.02½	.02½	.02½
1	*.02	.00½	Buckingham	......	.00½	.....	.....	.....
No	.30½	.22½	Buffalo Can.	30,250	.29½	.29½	.27½	.29½
No	.02½	.01½	Bunker Hill	7,000	.01½	.01½	.01½	.01½
No	.00½	.00½	Cal. Flin Flon	1,000	.01	.00½	.00½	.00½
1	*.04	.01	Cambro Kirk	......	.04	.....	.....	.....
No	.03	.03	Canam Metals	......	.03	.....	.....	.....
1	.03½	.01¼	Can. Kirkland	29,500	.03½	.03½	.02⅞	.03½
1	.09	.04	Canusa	25,700	.07½	.08	.05	.05½
1	.02½	.00¾	Capital Rouyn	71,500	.01	.01	.00¾	.01
1	.15	.13	Castle Trethewey	1,000	.13	.13½	.13½	.13½
1	.08	.06	Cen. Manitoba	4,800	.06¼	.07½	.06	.07½
1	.07½	.05½	Cen. Patricia	......	.05½	.....	.....	.....
1	*.03	.01½	Champion R.	......	.02½	.....	.....	.....
No	.07½	.06½	Chibougamau Pros.	1,000	.06½	.06½	.06½	.06½
No	.01¼	.01	Clericy	......	.01¼	.....	.....	.....
5	3.00	2.50	Coast Copper	150	2.75	2.75	2.60	2.60
1	.02	.01½	Cobalt Contact	14,500	.01½	.01¼	.01½	.01¼
1	*.02	.00½	Col. Kirkland	......	.01½	.....	.....	.....
1	.08	.05	Columario	7,200	.06	.06	.05	.05
5	.75	.75	Coniagas	......	.75	.....	.....	.....
No	.40	.32	Coniaurum	......	.35	.....	.....	.....
25	72.00	66.00	Cons. Smelters	1,212	70.25	72.00	66.50	67.00
1	*.40	.15	Cons. Venus	......	.40	.....	.....	.....
1	*.01	.00½	Corona	......	.00½	.....	.....	.....
1	.01¼	.01¼	Crown Reserve	......	.01¼	.....	.....	.....
No	.09½	.07	Dom. Explorers	13,400	.08½	.08½	.07½	.07½
1	*.03	.00½	Dom. Kirkland	......	.00¾	.....	.....	.....
No	10.50	9.30	Dome Mines	2,790	9.95	9.95	9.55	9.60
1	.01	.01	Don Rouyn	......	.01	.....	.....	.....
No	*.33	.30	Don. Woolsey	......	.30	.....	.....	.....
1	*.01	.00½	Dunkin	......	.00½	.....	.....	.....
1	*.02½	.00½	Duprat	......	.01¼	.....	.....	.....
1	1.33	1.05	Eldorado	15,580	1.21	1.22	1.17	1.17
No	1.05	.90	Falconbridge	630	1.00	1.00	.90	.90
1	.04	.02½	Federal	2,500	.03½	.02½	.02½	.02½
No	.00½	.00½	Flintoba	......	.00½	.....	.....	.....
No	.07	.06	Gem Lake	2,100	.07	.06	.06	.06
No	*.04½	.01½	Gilbec	......	.02	.....	.....	.....
1	.02	.02	Goldale	4,500	.02	.02	.02	.02
10	.11	.10	Goldfield	100	.11	.10	.10	.10
1	.00½	.00¼	Gold Hill	5,500	.00¼	.00¼	.00¼	.00¼
1	.04	.03½	Goodfish	9,000	.03½	.03½	.03½	.03½
1	.01	.00½	Graham	......	.01	.....	.....	.....
1	1.25	1.00	Granada	3,380	1.00	1.06	1.00	1.03
1	.20	.15	Grozelle	40,322	.20	.15	.15	.15
No	*.30	.29	Halliwell	......	.28	.....	.....	.....
1	.02	.02	Harker	1,000	.02	.02	.02	.02
1	.01¼	.01	Hilltop	3,500	.01¼	.01¼	.01¼	.01¼
5	5.70	5.00	Hollinger	10,010	5.30	5.40	5.00	5.05
1	.36	.31	Howey Gold	8,625	.32	.35	.31	.31
No	2.78	2.25	Hudson Bay	2,290	2.52	2.54	2.25	2.25
No	.20	.20	Huronian	1,250	.20	.20	.20	.20
No	11.00	8.50	Int. Nickel	19,246	9.50	9.87	8.50	8.50
1	.01½	.01½	Jackson Manion	1,000	.01½	.01¼	.01¼	.01¼
1	.23	.23	Keeley	1,600	.23	.23	.23	.23
1	.02¾	.01	Keora M.	13,500	.02	.02	.02	.02
1	.70	.50	Kirk. Hud. Bay	1,300	.50	.55	.52	.52
1	.02½	.01½	Kirk. Hunton	17,500	.02	.02	.01¾	.02
1	.55	.46	Kirkland Lake	6,350	.49	.50	.46	.46
1	.03½	.01½	Kirk. Premier	2,000	.03	.02⅞	.02¼	.02¼
1	.13	.09	Kirk. Townsite	6,000	.10	.10	.09½	.09½
20c	.01¼	.00¾	Koot. Florence	2,500	.00⅞	.00⅞	.00⅞	.00⅞
1	.01½	.00¾	La Rose	......	.01½	.....	.....	.....
1	*.69	.38	Lakeland	......	.42	.....	.....	.....
1	29.10	28.00	Lake Shore	2,515	28.75	29.00	28.10	28.15
1	.00½	.00½	Laval	1,000	.00½	.00½	.00½	.00½
1	.01½	.01½	Lebel Oro	......	.01½	.....	.....	.....
No	*.35	.35	Locarno	......	.35	.....	.....	.....
1	.40	.32	Macassa	4,900	.35	.35	.32	.33
1	.05	.03	Malartic	1,500	.03½	.03½	.03½	.03½
No	.05	.05	Mandy	......	.05	.....	.....	.....
No	.01½	.01	Manitoba Basin	2,000	.01½	.01½	.01½	.01½
1	.35	.30	McKinley	1,175	.30	.35	.31	.31
5	19.50	17.30	McIntyre	810	18.00	18.00	17.65	17.65
No	.08½	.03	McLeod River	136,600	.08	.08	.06¼	.06¼
1	*.04	.04	McVittie	......	.04	.....	.....	.....
1	*.29	.03	MacMillan	......	.10	.....	.....	.....
No	1.43	1.10	Mining Corp.	2,575	1.25	1.25	1.10	1.10
1	.08½	.04	Moffatt Hall	607,150	.06⅞	.07½	.04	.04½
1	*.04	.02½	Moneta	......	.03	.....	.....	.....
1	*.00½	.00½	Mtl. Rouyn	......	.00½	.....	.....	.....
1	.40	.30	Moss	5,450	.36	.37	.34	.35
1	.02¼	.01½	Murphy	7,500	.01¼	.01⅜	.01½	.01½
No	.03	.02½	Newbec	600	.02½	.02½	.02½	.02½
1	*.40	.25	Nevada	......	.25	.....	.....	.....
1	*.09	.02	Night Hawk	......	.02	.....	.....	.....
5	1.15	.95	Nipissing	2,310	1.00	1.00	.95	.95
No	17.50	15.00	Noranda	8,632	16.65	17.00	15.50	15.55
No	.24	.19	Nor. Canada	2,300	.21	.20	.20	.20
No	.01	.00½	Old Colony	1,000	.00½	.00½	.00½	.00½
1	*.01	.00½	Ophir	......	.00¾	.....	.....	.....
1	*.10¼	.02	Oriole	......	.02	.....	.....	.....
1	.08	.06	Osisko	2,000	.06	.08	.07⅞	.07
1	.08	.08	Parkhill	500	.....	.08	.08	.08
1	.13¾	.11	Patricia Dent	4,700	.13½	.13¾	.12½	.13¾
1	.02	.01¾	Pawnee Kirk	......	.02	.....	.....	.....
No	1.15	.85	Pend Oreille	800	1.11	1.07	1.05	1.05
1	.01	.00¾	Pete. Cobalt	1,000	.01	.01	.01	.01
	*.25	.18½	Phoenix Molybd.	......	.25	.....	.....	.....
1	*.01¼	.00¾	Picard	......	.00½	.....	.....	.....
1	3.86	3.10	Pioneer Gold B.C.	2,400	3.30	3.55	3.35	3.45
1	.04½	.04	Pioneer	100	.04	.05	.05	.05
1	*.02¾	.00½	Porcupine Crown	......	.00½	.....	.....	.....
1	.01½	.01	Potter Doal	2,000	.01	.01	.01	.01
1	*.45	.30	Powell Rouyn	......	.30	.....	.....	.....
1	.63	.50	Premier Gold	1,200	.60	.61	.50	.50
1	.00⅞	.00⅞	Preston E. Dome	......	.00⅞	.....	.....	.....
No	.15	.15	Prospectors Air's	......	.15	.....	.....	.....
No	.06	.05	Quemont	500	.06	.05	.05	.05
1	.02½	.01	Ribago	95,300	.01½	.02½	.01½	.01½
1	*.34	.24	Rich. Rock	......	.33	.....	.....	.....
1	.02½	.01½	Ritchie	23,000	.01¾	.02¼	.01⅞	.01⅞
1	.01¼	.01	Robb Montbray	......	.01	.....	.....	.....
1	.36	.25	San Antonio	1,666	.35	.32	.30	.30
1	*.21	.10	Seven Troughs	......	.10	.....	.....	.....
1	.65	.55	Sherritt Gordon	19,085	.60	.64	.55	.55
1	.62	.50	Siscoe	88,675	.53	.58	.54	.57½
1	.03	.01¾	South Keora	1,000	.02½	.02¼	.02¼	.02¼
No	.02¼	.01¾	Stadacona	18,000	.01¾	.01¾	.01½	.01¾
1	.17	.07½	St. Anthony	6,400	.16	.16½	.13½	.13½
No	.45	.36	Sudbury Basin	1,100	.38	.40	.36	.37
1	.01¼	.00½	Sudbury ontact.	......	.01¼	.....	.....	.....
1	.00¾	.00½	Sudbury Mines	30,000	.00¾	.00¾	.00½	.00¾
No	.00¾	.01	Sudbury Nickel	......	.03¼	.....	.....	.....
1	.09	.09	Sullivan	......	.09	.....	.....	.....
1	.65	.52½	Sylvanite	11,950	.62	.60	.52½	.54
1	.07	.05	Tashota	18,500	.05½	.05	.05	.05
1	5.25	4.20	Teck Hughes	30,218	4.53	4.60	4.20	4.29
1	*.10½	.01	Telluride	......	.01	.....	.....	.....
1	*.01½	.01	Temiskaming	......	.01½	.....	.....	.....
1	.02½	.02	Thom. Cadillac	1,500	.02	.02⅞	.02½	.02⅞
1	*.02½	.00½	Tough Oakes	......	.01	.....	.....	.....
1	.40	.25	Towagmac	800	.35	.30	.25	.30
No	1.30	1.01	Treadwell	300	1.24	1.30	1.20	1.30
No	*2.85	2.40	Tri-Metals	......	2.85	.....	.....	.....
1	.09½	.08	United Kirkland	2,500	.08	.09½	.09	.09
1	.01½	.01¼	Vacuum Gas	500	.01¼	.01¾	.01	.01½
No	.53	.46	Ventures	17,250	.50	.51	.46	.46
1	.17¼	.14	Vickers	2,000	.17½	.17¼	.16	.16
1	.45	.26	Vipond	10,150	.36	.37	.26	.30
No	1.00	.60	Waite Ackerman	600	.90	.92	.90	.92
1	*.02¼	.01	West Tree	......	.01	.....	.....	.....
1	.03	.03	White Lake	......	.03	.....	.....	.....
1	*.06	.01½	Wiltsey	......	.01½	.....	.....	.....
No	.01½	.00½	Windfall R.	......	.01	.....	.....	.....
	*.13	.03½	Wood Kir	......	.04	.....	.....	.....
No	3.06	2.70	Wright-Hargreaves	17,805	2.80	2.83	2.75	2.75

WESTERN OIL TOCKS

Par Val.	Range 1932 High	Low	Company	Sales	Close Feb. 1 (or last)	High for week	Low for week	Close Feb. 8
No	.19	.15	Acme	6,100	.16	.16	.15	.15½
1	1.17	1.00	Ajax	6,735	1.03	1.05	.00	1.00
1	.12	.08	Alta. Pacific	2,500	.08	.08¼	.08	.08¼
	*.01	.01	Askalta	......	.01	.....	.....	.....
No	.10	.04½	Associated	2,000	.05	.06	.05	.05
No	.04	.02	Baltac	500	.02	.03	.03	.0
1	*.07	.02	Black Diamond	......	.02	.....	.....	.....
1	.06	.04½	Brit. Dominion	150	.04½	.04	.04½	.04½
No	.38	.30	Calgary & Ed.	[illegible]	.34	.33	.30	.32½
1	.09	.06	Calmont	1,500	.07	.06	.06	.06
1	.09	.07½	Comm. Pete	200	.08	.08	.08	.08
No	*.29½	.26½	Crudome	......	.28½	.....	.....	.....
No	.20	.15	Dalhousie	250	.15	.20	.16½	.20
No	*.08	.01	Devenish	......	.01¼	.....	.....	.....
No	.02	.01	Dome Oil	......	.01	.....	.....	.....
No	.12	.10	East Crest	3,450	.12	.12	.10	.12
No	.05	.00½	Fabyan Pete	......	.00½	.....	.....	.....
No	*.60	.05	Foothills	......	.08	.....	.....	.....
No	.03½	.03	Freehold	2,700	.03	.03½	.03	.03½
1	.02	.02	Great West	......	.02	.....	.....	.....
No	.05	.04	Hargal	......	.04½	.....	.....	.....
No	*.10	.03	Herron Pete	......	.03½	.....	.....	.....
No	.05	.04½	High Sarcee	500	.04¼	.04¼	.04¼	.04¼
No	.47	.35	Home	2,483	.41	.40	.35	.40
No	.05	.03	Homestead	1,000	.04	.03¾	.03½	.03¾
1	.48	.24	Homest'd O. & G.	1,500	.33	.38	.30	.30
1	*.10	.09	Hylo	......	.09	.....	.....	.....
1	.01	.00¾	Illinois	9,000	.00¾	.00¾	.00¾	.00¾
No	*.70	.10½	Lowery	......	.18	.....	.....	.....
1	.0	.01	Madison	......	.01½	.....	.....	.....
1	.15	.14	Mayland	......	.15	.....	.....	.....
No	.04	.03½	McD Segur Ex.	......	.03½	.....	.....	.....
1	.04½	.03½	McD. Segur N.	......	.03½	.....	.....	.....
1	.50	.32	McLeod	......	.32	.....	.....	.....
No	.10	.08	Mercury	5,250	.08¼	.09½	.08½	.06
No	.08	.05	Merland	2,425	.06	.08	.05	.08
No	.12	.10	Mill City Pete	3,600	.11	.12	.12	.12
1	.18	.16½	Model	20	.16½	.18	.18	.18
1	.04	.04	Monalta	......	.04	.....	.....	.....
1	.07	.04	Moose Mountain	......	.04½	.....	.....	.....
1	.01	.01	New Federal	......	.01	.....	.....	.....
5	.14	.10	Nordon	15,600	.11	.11	.10	.10
No	.04½	.03	Oil Selection	......	.03	.....	.....	.....
No	.05	.04	Okalta	......	.04	.....	.....	.....
100	15.00	15.00	Do., Pref.	......	15.00	.....	.....	.....
No	.20	.15	Olga Gas & Oil	1,100	.16	.15	.15	.15
1	.28	.18	etrol	2,000	.20	.20	.18	.18
No	.06¼	.02	Penn. Pete	134,250	.05⅞	.06¼	.04	.04½
No	.14	.09	Ranchmen's	935	.11	.12	.10	.11
1	.01	.01	Regent	......	.01	.....	.....	.....
No	.02½	.01½	Richfield	......	.01½	.....	.....	.....
No	6.65	6.00	Royalite	27	6.50	6.50	6.47	6.47
1	.10	.08	Sarnia Oil	500	.09	.08	.08	.08
1	.03	.01½	Signal Hill	......	.01¼	.....	.....	.....
No	*.27	.05	South West Pete.	......	.10	.....	.....	.....
1	.20	.17	Spooner	225	.17	.18½	.17	.18½
No	.11	.08½	Sterling Pacific	......	.08½	.....	.....	.....
1	.11	.11	Turner Valley	......	.11	.....	.....	.....
No	.08	.07	United	2,39	.07½	.07¼	.07½	.07½
1	.09	.09	Vulcan	......	.09	.....	.....	.....
No	.02	.00½	Wainwell	......	.00½	.....	.....	.....
1	*.28	.08	Waite Valley	......	.08½	.....	.....	.....

VANCOUVER STOCK EXCHANGE
(Transaction for Week to February 3)

Par Val.	Range 1932 High	Low	Company	Sales	Close Feb. 1 (or last)	High for week	Low for week	Close Feb. 8
25c	*.01	.00¾	Bayview	......	.00¾	.....	.....	.....
20c	.04½	.03½	Beaver Silver	1,000	.04	.04	.04	.04
25c	*.02½	.02	Bluebird	......	.02	.....	.....	.....
1	.12½	.09	Bridge River Cons.	69,300	.12¼	.12½	.09	.09¼
25c	*.80	.40	B. C. Silver	......	.40	.....	.....	.....
25c	.02	.00½	Cork Province	......	.01	.....	.....	.....
1	.06	.06	Cotton Belt	500	.06	.06	.06	.06
1	*.03	.02	Dalhousie Mines	......	.02½	.....	.....	.....
1	*.04	.02	Dunwell	......	.02	.....	.....	.....
1	*.10	.02	Duthie	......	.02½	.....	.....	.....
1	.45	.45	George Copper	......	.45	.....	.....	.....
50c	.01¼	.01¼	Geo. Enterprise	......	.01¼	.....	.....	.....
1	.04⅛	.03	Georgia River	6,000	.03	.03	.03	.03
1	.24	.21	Golconda	1,100	.24	.22	.21	.2
50c	.08	.06¼	Grandview	1,900	.06¾	.07½	.06½	.06½
No	*27.50	15.00	Howe Sound	......	21.25	.....	.....	.....
1	.11	.09	Intern. Coal	......	.11	.....	.....	.....
1	*.02	.01	Independence	......	.01¼	.....	.....	.....
1	.01	.01	Indian Mines	......	.01	.....	.....	.....
1	*.43	.22	Jack Waite	......	.25	.....	.....	.....
25c	*.02	.00½	Kootenay King	......	.01	.....	.....	.....
25c	*.02	.00¾	L. & L.	......	.02	.....	.....	.....
[illegible]	*.12	.12	Los Ang. Van.	......	.12	.....	.....	.....
1	.19½	.13½	Lorne Gold	73,800	.17¼	.18	.15¼	.17
10c	.02	.02	Lucky Jim	......	.02	.....	.....	.....
2.50	*.01	.00½	Marmot Gold	......	.01	.....	.....	.....
5	.09	.08	Metaline Metals	6,000	.08	.09	.08½	.09
1	.03	.01½	Morton Woosley	250	.01¼	.02	.02	.02
50c	.03	.02¼	National Silver	20,500	.02¼	.02½	.02½	.02½
50c	.08½	.05	Noble Five	8,000	.06	.06	.05⅞	.06
50c	*.12½	.02	Oregon Cop.	......	.02	.....	.....	.....
1	3.85	3.30	Pioneer Gold	500	3.40	3.40	3.30	3.30
No	.01	.00⅞	Premier Border	11,000	.01	.01	.00⅞	.00⅞
50c	.08½	.06	Porter Idaho	16,360	.07	.06½	.06	.06
No	.28	.25	Reeves McDonald	1,500	.26	.26	.25	.25
1	.27½	.22½	Reno Gold	5,600	.26½	.26	.26	.26
1	*.04	.01	Rufus Argenta	......	.01	.....	.....	.....
1	.05	.04	Ruth Hope	1,200	.05	.04	.04	.04
1	.03½	.02½	Silverado	......	.02¾	.....	.....	.....
25c	.02	.01½	Silver Crest	10,000	.01½	.01½	.01½	.01½
50c	*.05	.00¾	Snowflake	......	.02	.....	.....	.....
1	*.45	.25	Sunloch	......	.25	.....	.....	.....
50c	.02	.01	Topley Rich	......	.02	.....	.....	.....
5	*.20	.05	Toric	......	.05	.....	.....	.....
20c	.02½	.02	Wellington	......	.02½	.....	.....	.....
1	*.08	.02	Whitewater	......	.05	.....	.....	.....
No	*.03¾	.00½	Woodbine	......	.01	.....	.....	.....

*Quotations for 1931.

DIVIDEND PAYERS

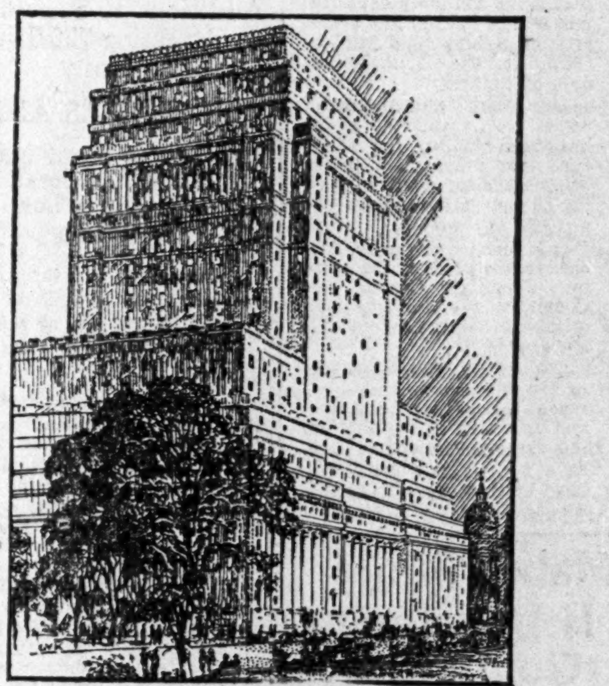
	Rate	Yield		Rate	Yield
Cons. Smelters	$2.50+a	3.73	Mercury Oil	5c.	....
Dome Mines	$1	10.41	Model Oils	9c.	....
Granby	50c.	....	Noranda	50c.	3.21
Hollinger	65c.+5	13.86	Premier	12c.	....
Howe Sound	$2	....	Pioneer, B.C.	12c.	3.48
Inter. Nickel	20c.	2.35	Sylvanite	4c.	....
Lake Shore	$2+50c.	8.86	Teck Hughes	60c.+5	15.15
McIntyre	$1	5.66	Wellington Oil	5c.	....
McLeod Oils	5c.	....	Wright-Har.	10+2½c.	4.54

a. Stock bonus 1 share for each 20 shares held.

SUN LIFE ASSURANCE COMPANY OF CANADA

PROGRESS
Assurance in Force

1871	$404,000
1881	$5,010,000
1891	$19,436,000
1901	$62,400,000
1911	$164,572,000
1921	$536,718,000
1931	$3,051,077,000



HEAD OFFICE, MONTREAL

STRENGTH
Assets

1871	$63,000
1881	$536,000
1891	$2,885,000
1901	$11,773,000
1911	$43,900,000
1921	$129,372,000
1931	$624,804,000

STATEMENT FOR 1931

Assurances in Force (net)	$3,051,077,000
New Assurances Paid for (net)	527,939,000
Total Income (net)	197,140,000
Total Disbursements	136,509,000
Payments to Policyholders and Beneficiaries in 1931	93,235,000
" " " " since organization	594,185,000
Surplus and Contingency Reserve	21,126,000
Total Liabilities (including paid-up Capital Stock)	603,678,000
Assets, at December 31st, 1931	624,804,000

THE YEAR'S BUSINESS REVIEWED

". . . I think you will agree with me that for a year such as that through which we have just passed the showing is a remarkably fine one.

"New assurances of over $527,000,000, and a total in force exceeding $3,000,000,000, are figures so great as to need no emphasis.

"The distribution of our new business is interesting. Canada contributed $101,000,000, United States $291,000,000, Great Britain $50,000,000 and the rest of the world $85,000,000.

"Our mortality experience has been even more favourable than that of last year, the claims being but 54.3 per cent. of the expected, against 57.6 per cent. in 1930.

"Since business was commenced in 1871 we have paid out in benefits $594,000,000. Last year alone our payments were $93,000,000, an amount exceeding the total assurances written in 1922. We may well rejoice over the magnitude and importance of the social service which the Company is performing.

"During the past year life assurance has been tested as perhaps never before, and it has withstood the trial triumphantly. So far as I am aware not one life company on the continent has had to close its doors, a wonderful record. In Canada we can claim with pride that even since Confederation not one Dominion licensed company has ever failed.

"It will be noticed that in addition to the surplus of $16,000,000 over all liabilities and capital stock, we have a contingency reserve of $4,700,000 to provide for possible shrinkage in mortgages and other real estate investments. Our reserves have been calculated on the same strong basis as last year. Although our investments payable in American currency greatly exceed our liabilities in that currency, we have treated both as on a par, taking no credit for the premium on American funds. Our liabilities under contracts in other currencies also are included at a total greater than required at the prevailing rates of exchange.

"Our holdings of stocks have been valued on the basis laid down by the Dominion Department of Insurance, which is practically the same as that adopted for all companies by the National Convention of Insurance Commissioners of the United States.

"In new investments we have favoured high grade bonds, the yield on which is now very attractive. Our purchases of Canadian Government bonds during the year amounted to $23,000,000.

"The profits paid or allotted to policyholders amounted to over $26,000,000, or over 20 per cent. of the total annual premium income.

"In the light of these figures, the report is indeed an excellent one.

"And what of the future? No one believes that the depression will last for ever. It is impossible to say just when the turn will come, but with the vast natural resources of this continent, and the brains, energy, and actual wealth of its people, business recovery is inevitable. When prosperity does return no company will share in its benefits in greater measure than our own."

—From the President's Address at the Annual Meeting.

SIXTY-ONE YEARS OF SERVICE

SUN LIFE ASSURANCE COMPANY OF CANADA

Hon. J. M. Wilson Elected President Windsor Hotel

From Our Own Correspondent

MONTREAL — Several noteworthy changes were effected in the board of directors elected at the annual general meeting of shareholders of Windsor Hotel Co. Hon. J. M. Wilson has succeeded Victor E. Mitchell as president of the company, while David B. Mulligan, former vice-president and managing director, has resigned.

The new board is as follows: Hon. J. M. Wilson, president; J. A. Raymond, vice-president, Robert Smith, sec.-treas. Directors re-elected were P. A. Thomson, W. C. Pitfield, E. R. Decary and John S. Archibald. There were also elected to the board, John Irwin, Albert Hudon, J. R. Timmins and Aime Geoffrion.

Established 1889
J. P. LANGLEY & CO.
C. P. ROBERTS, C.A.
Chartered Accountants
G. S. HOLMESTED
Trustee in Bankruptcy Proceedings
Offices: McKinnon Bldg., Toronto

CLARKSON, GORDON, DILWORTH, GUILFOYLE & NASH
CLARKSON, McDONALD, CURRIE & COMPANY
TORONTO MONTREAL OTTAWA and QUEBEC WINDSOR
Chartered Accountants
E. R. C. CLARKSON & SONS
Authorized Trustees and Receivers
15 WELLINGTON STREET WEST TORONTO

DOMINION TEXTILE CO., LIMITED
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MONTREAL TORONTO WINNIPEG VANCOUVER

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Established 1895
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Associate, British Institute of Actuaries.
Fellow, Actuarial Society of America.
Fellow, American Institute of Actuaries.

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Consulting Actuaries and Statisticians
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Pension Funds planned and valued.
Our offices are equipped with electrical card sorting and tabulating machines for commercial and insurance accounting and statistical analysis.
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Canadian Mining News

CONIAURUM MINES HAS GOOD YEAR BUT PROFITS LOW

Net Profits Are $6,210 After Write-offs of $184,902

ORE RESERVES UP

Greater Tonnage and Recovery With Lower Costs Feature of Year's Work

Annual report of Coniaurum Mines for the fiscal year ended December 31, 1931, showed earnings of $191,112 before write-offs as compared with $67,862 in the previous year. Write-offs totalling $184,902 brought the net profits for the year to $6,210 as compared with a deficit of $69,035 in the previous year.

Not only was the tonnage treated during the year greater but the recovery per ton was higher and the operating costs lower. In addition the premium paid on gold production amounted to $48,717.

The following tabulation gives comparative income account figures for the past two years:

INCOME AND SURPLUS ACCOUNT

	1931 $	1930 $
Bullion prod.	785,708	736,727
Less oper. expenses:		
Mine development	64,329	78,188
Geological exam.	4,360	....
Diamond drilling	3,309	8,483
Mining	410,136	417,600
Milling	110,926	115,545
Marketing	4,454	4,253
General mine exp.	12,318	13,383
Silicosis assessment	1,800	....
Mine office & super.	23,658	23,159
Admin. & gen. exp.	18,341	16,088
Operating earnings	132,078	60,029
Add non-oper. income:		
Int. dis. & exch.	9,281	7,147
Rentals	1,036	686
Prem. on production	48,717	....
Total net earn.	191,112	67,862
Less:		
Silicosis assess. prior yr.	15,589	....
Depreciation	38,458	....
Deep develop. w/o	130,585	122,972
Profit & surp. for yr.	6,210	*69,035
Previous deficit	69,035	....
Forwarded to bal. sheet	62,825	69,035

*Deficit.

Working Capital

	1931 $	1930 $
Current assets	431,648	287,880
Current liabs.	37,523	32,468
Working capital	394,125	255,412

During the past year despite the greater amount of development work done the costs were lower. The total development footage being 7,309 ft. plus 6,990 ft. of diamond drilling, as compared with 2,926 ft. plus 79 ft. of diamond drilling in 1930.

The broken ore reserves increased from 90,610 tons at the end of 1930, to 117,172 tons averaging $6.35 per ton, at the end of 1931, notwithstanding the milling of 130,585 tons of ore.

The following is a comparative statement of production costs per ton since the figures have been made available. Also a production summary since the commencement of operations.

Production Costs Per Ton of Ore

	1931 $	1930* $
Develop. and exploration	0.56	0.70
Mining	3.14	3.40
Milling	0.85	0.94
Taxes and marketing	0.03	0.03
General expense	0.43	0.43
Total operating costs	5.01	5.50
Deprec. and write-offs	1.41	1.00
Total costs per ton	6.40	6.50
Recovery per ton	6.02	5.99
Loss per ton	0.38	0.51

*First year details given.

Production Summary

Year	Tons Milled	Daily Aver.	Recov. per ton	% Recov.	Bullion Recov.
1928	52,005	283	$5.06	95.0	$249,890
1929	103,293	295	6.45	96.6	666,549
1930	122,972	341	5.99	96.35	736,727
1931	130,585	357	6.02	96.03	785,708
	408,855		5.98		2,438,874

In commenting on developments at the mine, John Reddington, mine manager, made the following reference in the annual report:

"Development below the 2,000 ft. level has been carried on through a two-compartment winze, and main crosscuts have been extended north and south on the 2,250 and 2,500 ft. levels, as well as the main drives both east and west. No. 12 vein has been developed for a distance of 129 ft. west of the winze. On the 2,500 ft. level No. 7 vein has been drifted on for some considerable distance. This development has opened up an ore shoot of fair size and value. At present it is not possible to make any statement as to the importance of these. However, in diamond drilling to a depth of 2,800 ft, or 300 feet below the present 2,500 ft. level, Nos. 7 and 14 veins are known to exist with encouraging values."

J. Gordon Hardy, consulting engineer and director of the company made reference to the company's operations as follows

"Three ore-zones have been found: the so-called Goldale section on the extreme west adjoining the McIntyre Mine; a central zone embracing the 7-12 series of veins to the west of the main shaft; and an eastern zone covering the 2-5 vein system. The western zone has been explored down to the 1,000 ft. level; the central zone to the 2,500 ft. level and by drilling to 300 ft. beneath; while the eastern area has so far only been tapped down to the 1,000 ft. horizon.

"Development during 1931 greatly exceeded that of the previous year, as will be noted from the data given. It was particularly successful in the eastern section, and while not so cheerful in the deep work in the central zone, yet even here ore-results were fairly commensurate with the footage done. The distribution of values in our ore shoots is so erratic that we broadly know their worth only after we have broken them. This precludes any worth-while estimate of ore reserves in the present phase of the mine's development. From our experience of the mine, however, we derive a comfortable feeling as to ore supply for some considerable time to come and have belief that areas now accessible, but unexplored, will add greatly to the supply as we open them up. A detailed geological study of the property has been under way for some months. From it much good has already been obtained, and it eventually will form the groundwork for the major development decisions that still lie before us."

The annual meeting of the company is called for February 22, in Toronto, at which time shareholders will be asked to approve of an extension of the option on the company's shares given to Ventures Ltd., which called for it to take up certain shares by July 4, last.

Mill Announced For Ashley Mine

It was officially announced that a 150-ton daily capacity mill will be built on the property of Ashley Gold Mining Corp. in the Matachewan area of Ontario.

The official announcement comes as no surprise as it has been known for some time that preparations were being made for a mill following the encouraging development on the property.

It is planned to remove the old cyanide plant of the Mining Corp. of Canada, at Cobalt, to the property and utilize to a large extent the old equipment.

This is the first property in the Matachewan area to reach the production stage and its activities are piloting the development of the area as a whole. Its success will have much to do with future developments.

Mabell Mines Is Developing Gold Prospect

After continuously carrying on exploration work at its copper prospect in South Clericy township, Quebec, the Mabell Mines transferred its activities to its gold prospect in Louvicourt township where work is proceeding. In South Clericy some 30,000 ft. of trenching, stripping and cross-cutting were accomplished and a number of test pits and four shafts sunk as well as about 14,000 ft. of diamond drilling to a maximum depth of 1,400 ft. Three mineralized zones were encountered, but low copper prices decided the company to curtail operations and concentrate work on its gold prospect. At the latter property eleven veins have been encountered from two to twenty feet in width. Trenching, shipping and sinking of test pits are being conducted and the test pits indicate the vein as widening. Free gold has been found while samples as high as $19.20 per ton in gold have been assayed.

Seeks Opinion Teck-Hughes

Is there some good reason behind the continued weakness in shares of Teck-Hughes Gold Mines?

The current market weakness of Teck-Hughes is doubtless reflecting the reduced earnings of the company, particularly during the last quarter, figures for which have just been published. Another factor that was disconcerting to shareholders was the grade of ore treated after the new mill addition was placed in service. It did not live up to the estimate of $18 per ton grade by officials, which would have meant an increase in earnings of approximately 35 per cent. This was explained at the annual meeting last November as being caused by several lean horizons being passed through that were not up to the average of the mine in grade and tonnage.

The average recovery during the last quarter was $12.60 per ton in gold as against an average of the three months preceding the mill addition of $17.25 per ton. While the grade of ore treated in the last quarter was abnormally low, indications are that in the present quarter the grade has improved considerably. At the annual meeting shareholders were informed that the levels below the lean horizon were opening up with great promise so that earnings in the next quarter are expected to show improvement.

The official estimate of ore reserves is 645,384 tons averaging $14.28 per ton in gold, sufficient for about fourteen months' operations at current capacity. This estimate is for positive ore only and does not truly reflect the ore possibilities of the mine. At the annual meeting officials told the shareholders that dividends were safe for many years to come. The continued selling of the company's shares from New York is attributed to a director that is forced to liquidate. The magnitude of the operations in relation to the size of the property is depleting the company's ore at a faster rate than adjoining properties.

Harker Plans Purchase Of N.A.M.E. Copper Find

Shareholders of Harker Gold Mines are in receipt of an announcement calling a general meeting of the company in Toronto on February 13, to ratify a proposal to purchase the copper properties of the Northern Aerial Minerals Exploration in the vicinity of the Coppermine River, Northwest Territories.

Harker Gold Mines has liquid assets of approximately $100,000 including 3,300 shares of stock in the Lake Shore Mines.

The copper properties of Northern Aerial Minerals Explorations were discovered in 1929 and are reported to have extensive showings of bornite, running 45 to 50 per cent copper.

PEND OREILLE ORE WILL BE TREATED BY GRANDVIEW

Additions to Provide For Treating 750 Tons Daily

PROPERTIES ADJOIN

One of Few Lead and Zinc Mines in Operation Owing to Low Prices

Further light was thrown on the operations of the Pend Oreille Mines & Metals Co. by the annual report of Grandview Mines, just published.

Last November it was announced that Pend Oreille had made arrangements with Grandview Mines to operate the latter's mill for the treatment of Pend Oreille ore. In the Grandview report it is announced that plans have been approved for the constructing of an aerial tramway, having a capacity of 100 tons per hour from the Pend Oreille property to the Grandview mill. Pend Oreille is to abandon its 200-ton daily capacity mill and consolidate the equipment with that of Grandview, bringing the capacity up to approximately 750 tons of ore daily, producing approximately 150 tons of concentrates.

The report states that approximately $100,000 will be spent in revamping the mill and installing the aerial tram. Under the terms of the agreement $1 per ton of concentrates produced, is to be paid to Grandview for the use of its mill, until a total sum of $100,000 has been paid, whereupon the Grandview mill passes to Pend Oreille with certain rights reserved for treating Grandview ore.

Grandview to Develop

Agreement with Grandview calls for Pend Oreille to mine Grandview ore on a royalty basis, the returns from which will be set up as a development reserve for the further exploration of Grandview property.

The Pend Oreille mill was built about 1927 and in 1929 it was announced that plans were under way for the construction of a 2,000-ton daily capacity concentrator and a 100-ton daily capacity zinc refining plant. This construction programme, however, was not proceeded with, and the plans of L. T. Larsen, president of the company, have been largely kept to himself, it being almost impossible to secure any reliable information regarding the financial position of the company or about its properties.

When the Pend Oreille mill was started up in November of 1930 it came as somewhat of a surprise in view of the low price for lead and zinc. It is rumored that the ore being treated is of very high grade as only high grade ore could be treated with prevailing prices. Mining costs are reported to be very low, which, coupled with the high grade ore treated, enables the company to be numbered among the very few producing lead and zinc properties on the continent.

Properties Adjoin

The company owns approximately 5,000 acres located on both sides of the Pend d'Oreille River in the State of Washington, just south of the International boundary. The holdings of the Grandview Mines adjoin those of Pend Oreille and are about 1½ miles north of the town of Metaline Falls, Wash.

During 1931 approximately five carloads of lead and zinc concentrates were shipped from the Pend Oreille property to the smelter in East St. Louis—about three carloads of zinc concentrates were shipped to one of lead.

No annual report of the Pend Oreille Mines & Metals Co. has been published since the present company was formed in 1929.

Bagamac Mines Options Stock Raising Funds

Opposing factions in Bagamac Rouyn Mines have amicably settled their differences and a constructive effort is being made to prove the merits of the property.

Lying as it does adjoining Noranda Mines on the south, it is regarded as one of the best geological bets in the area. Owing to funds not being available it has not received its share of attention and but little is known of its possibilities.

About 2,250,000 of the 4,000,000 authorized are outstanding, 2,000,000 of which went to the vendors of the property. An option has been given on a block of stock to J. J. Carrick, who is now engaged in raising finances to enable development work to proceed.

Metal Prices

New York—February 9—

Copper: Electrolytic spot, 6 to 6⅛c. lb.

London—February 9—

(Long Ton)—

Copper: Electrolytic spot, £42; future, £43.
Standard spot, £36 10s; future, £36 7s 6d.

Tin—Spot, £138 10s; future, £141 5s.

Lead—Spot, £14 10s; future, £14 12s 6d.

Zinc: Spot, £13 7s 6d; future, £14 7s 6d.

Silver: 19⅝d. per ounce.

Optimism vs. Propaganda

Editorial in the Sudbury Star

The Northern Miner complains that much of the Ontario press is still "sceptical" on the merits of Great Bear Lake and the discoveries in the vicinity thereof.

With due humility, may we suggest that "sceptical" is not the right word. The Sudbury Star, for instance, has never been sceptical of the finds of silver and pitchblende. We were among the first, we believe, to republish the story of The Miner's own editor, Norman Pearce, who was the first newspaperman to visit the field. Without any reservation, we have accepted the evidence of the government geologists who have examined the area.

Reprinted in another column are the objections of a reputable financial newspaper, The Financial Post, to the "tremendous" ballyhoo that is in progress for Great Bear Lake. We admit that we are sceptical of the motives behind much of this ballyhoo. We have recollections of similar campaigns that were put on after the Errington mine was discovered; another one after Noranda, and we know of no mines that were unearthed as a result. Constructive optimism has always been an important factor in the success of mining. The same cannot be said of promotional propaganda of the sort we refer to.

McVITTIE-GRAHAM TO SPEND $15,000 ON ALEXANDRIA

Working Option Assures Speedy Development to Production

Further details are available of the scheme under which McVittie-Graham Mines has contracted to finance the Alexandria Mining Co. to the production stage if exploration work proves satisfactory. The deal was announced in The Financial Post last week.

The new agreement calls for McVittie-Graham spending $15,000 during the next three months on exploration work.

At the conclusion of this period, if the property has developed favorably, this company will continue to carry on exploration and development work at a total expenditure of not less than $5,000 each month until sufficient ore has been developed to warrant the erection of a 100-ton mill. In consideration of this financing McVittie-Graham is to receive 50 per cent interest in the Alexandria Mining Co., holding title to the Alexandria Mines on Phillips Arm, about 150 miles north of Vancouver. The balance of the interest in the Alexandria Mining Co. will be held by the Alexandria Gold Mines, which has been active since 1927 in developing and financing the property.

R. D. Hearn, a consulting mining engineer, who has been employed by the British Metal Corp. (Canada) Ltd., and G. F. MacDonnell, a mining engineer employed by the Connell Mining & Exploration Co., have left for the property to take charge of the development programme under the terms of the agreement. From a report made by these engineers, McVittie-Graham will be guided in its future programme.

CANADA RADIUM HIRES ENGINEER TO MAKE REPORT

Plans Laid For Further Development in Haliburton

Further attention was attracted to the radium ore possibilities in Haliburton County, Ont., this week with the announcement that the Canada Radium Mines had employed Richard M. Treloar to make a report on its holdings about three miles south of Wilberforce, Ont.

The company was organized in 1928 to develop a property consisting of 750 acres in Cardiff township. To date 37 veins varying in widths from 2 to 18 ft. have been traced for a maximum length of 1½ miles on the company's property. Radio-active ore is found as small crystals of uraninite, a complex uranium mineral which has given tests of 21.62 per cent uranium oxide.

Last year considerable surface work was done and several test pits put down. Upon receipt of engineer's report it is planned to conduct further development work. In addition to radio-active ore there are springs flowing from the mineralized area that rank among the highest radio-active waters known. One sample tested in the laboratories of McGill University showed 56 mache units of radio emanation in solution per leader. The sample analyzed was higher in mache units than any other spring or mineral water known on the North American Continent.

The company has an authorized capitalization of 2,500,000 shares of which 1,250,000 shares were issued to the vendors of the property for the holdings and the preliminary development work. Last year 250,000 treasury shares were offered to the public by York & Robinson, of Toronto, at 40 cents per share. The vendor stock has been pooled and directors report that private interests are subscribing funds necessary to continue development work. The company is headed by K. W. Wright, former public trustee in Osgoode Hall, Toronto, and Frank Austin, Haliburton lumberman is managing director.

Mercury Oils Pays Dividend Shows Deficit

The annual report of Mercury Oils for the year ended December 31, 1931, shows a net profit of $175,088 as compared with a deficit of $61,827 in 1930. This leaves a net surplus of $113,261, from which initial dividends totalling $160,658 were paid, so that $47,397 was out of capital account.

Gross revenue in 1931 from sale of products, less production expense, amounted to $364,088 as compared with $140,412 for the previous period. Miscellaneous income totalled $4,778 as compared with $34,616 the previous year. The net profits in 1931 were $175,088 after write-offs of $120,851, as compared with a net loss of $61,827 in the previous year when write-offs were $59,789.

The balance sheet shows current assets of $31,298 and liabilities of $90,547. In addition, shares in unnamed companies at cost are shown at $652,182. This compares with current assets of $92,618 and current liabilities of $48,641, with shares of unnamed companies shown at cost of $401,528, on December 31, 1930.

During the last fiscal year 243,424 shares of the company were issued in consideration of shares in another company, making the total outstanding capitalization 3,213,166 shares out of the authorized capitalization of 5,000,000 shares of no par value.

Total production from the company's wells is not given but deliveries to the refineries show the company's production to have been 189,656 barrels during 1931, with a declining output toward the end of the year. December delivery is shown at 7,740 barrels.

Kirkland Lake Gold Mining Acquires Grozelle Claims

Control of the Grozelle Kirkland Mines has been acquired by the Northern Canada Mining Corp. by the purchase in the open market of about two thirds of the 2,132,858 shares outstanding.

In acquiring control Northern Canada acted as agents only for the Kirkland Lake Gold Mining Co. in order to protect the southern dip of the Kirkland Lake vein system. When Kirkland Lake started its deep development programme it became obvious that it would be necessary to acquire more property to the south. To this end the Chaput Hughes claims were acquired on an exchange of shares basis. How expedient this move was has been exemplified by deep developments, as now at the 4,750 ft. horizon the vein at the westerly end of the property is about to pass from the Chaput Hughes claims to the Grozelle holdings, just acquired. Just as Chaput Hughes proved a good geological bet for Kirkland Lake, now it is hoped that Grozelle will too prove equally essential to its future deep development programme.

The crosscut from the shaft to the vein on the 4,750 ft. level is, at the present time, about 400 to 500 ft. from the Grozelle boundary, but on account of the southwesterly strike of the vein it closely approaches the Grozelle boundary near the western side of the company's holdings. Drifting has not been carried to the extreme western end of the property but indications are that the Grozelle claims were not acquired any too soon to protect the company's vein system.

At the time Northern Canada started to pick up Grozelle shares, about a year ago, they were selling at about 5 cents each. As the market was cleaned up the price advanced until a top figure of 20 cents per share was paid for the last stock purchased. Officials estimate that the average price paid was under 15 cents per share or that control was had for about $175,000.

Northern Canada, which has an interlocking directorate with Kirkland Lake gold is immediately to transfer its Grozelle shares to Kirkland Lake. The remaining Grozelle shares in the hands of the public are to be provided for by an offer of exchange for Kirkland Lake stock. The rate of exchange has not yet been decided but it is expected that the exchange will be on the basis of about ten Grozelle shares for one of Kirkland Lake.

When all the Grozelle shares have been exchanged the Grozelle charter will be surrendered and its claims merged with Kirkland Lake's in the same manner as the Chaput Hughes claims were merged.

The new acquisition will give Kirkland Lake a total holding of approximately 600 acres. It will mean that the length of its vein system below the present workings will be about doubled, or have a total length of about 3,050 ft. If the rich ore found on the present low levels extends to greater depths as is now indicated, the Grozelle holdings promises to be of the greatest importance to the Kirkland Lake's future, and reflects the greatest of credit on its far seeing directorate.

Should Mining Profits Be Disbursed as Earned?

Fifth of Series of Articles on Results of Policies Followed by Leading Canadian Mines

No. 5, Teck-Hughes Gold Mines

This series of articles on the policies of dividend-paying mining companies as to exploration activity and the investment of profits has brought a flood of comments from shareholders expressing widely divergent views.

It is not the intention of The Financial Post to express any opinion on the subject, but rather to show the policies followed by our leading mining companies and the results attained and thus lay some basis on which shareholders may form an opinion as to the policy which will work out best for their interests.

It has already been shown that so many different factors influence the policies of different companies that the policy followed by one company would not be applicable to another. Therefore, it rests with the shareholders of respective companies to express their wishes so that their directors may carry out their ideas.

Told to Concentrate

One subscriber of The Financial Post expresses the opinion that the managements of most of the dividend-paying mines are empowered to conduct exploration activities and if this does not meet with the shareholders' approval it is up to the shareholders to depose the directorate or have them abide by the shareholders' wishes. One opponent to a company's being allowed to expend money in exploration, declares that the directors, although generally not holding stock control of the company, dominate its policy and only the concerted efforts of the shareholders would force a change in policy. In most instances the dividend-paying mines enjoy good management and the shareholders are loath to attack this management, although some of its policies are not popular.

The only instance in recent months where shareholders were asked to express their opinion regarding exploration activities was at the Teck-Hughes Gold Mines meeting last fall. In response to the question as to what Teck-Hughes was doing to perpetuate itself as a mining enterprise, the president answered that it maintained no exploration party and was concentrating its efforts only on the development of the Teck-Hughes property and paying out to its shareholders in dividends the profits as earned. Upon the president requesting a vote on the subject of exploration by the company there was an overwhelming majority vote for the company to concentrate its activities on its property and disregard exploration.

Timmins Takes Chances

One Teck-Hughes shareholder maintains that most investors purchase shares in mining companies for the profit accruing from what is known to be a successful undertaking, and that while he is willing to risk his capital in a successful mine he does not thereby imply faith in the company's ability to succeed in another venture. He maintained that, although the different companies desire to conduct exploration work, they should not invite the general public to share these risks, but rather the directors should take their own profits along with other shareholders desiring to take the risk and invest them in exploration activities.

In this respect it is interesting to know of the activities of N. A. Timmins, president of the Hollinger Consolidated Gold Mines. While Hollinger has maintained exploration parties in search of another mining property, the amount expended in this effort in relation to its total production is relatively small. N. A. Timmins, credited with being Hollinger's largest shareholder, is one of Canada's most aggressive financial backers of exploration effort. That is, while Mr. Timmins has made huge profits out of mining, he, as an individual, has expended large sums on exploration efforts to find new mining properties. By this policy he individually assumes the risk involved rather than enforcing this risk upon Hollinger's shareholders.

It is maintained by one shareholder that a mining venture becomes a liquidating proposition from inception and that shareholders are entitled to have the profits disbursed as dividends not only that they may obtain a fair rate of dividend, but also to reimburse them for the capital outlay and thus during the life of the mine get a return of their original investment.

One outstanding mining man maintains that the dividend-paying mines are the logical companies to conduct exploration work. Invariably their organizations include outstanding engineers, geologists and men best fitted to direct exploration effort, men whose opinions are valuable on the merit of a prospect. Furthermore, it is contended that exploration effort by the dividend-paying mines is the cheapest exploration conducted in that there is no overhead, the only cost being actual cost of maintaining the men in the field.

At the present time it is estimated by one authority that 90 per cent of the exploration in the past year was financed by mining companies and that if these mining companies abolished their exploration activities the search for new mines would receive a serious blow which would ultimately reflect in Canada's position as a mineral producer.

Nickel Shareholders Meeting to Be March 29

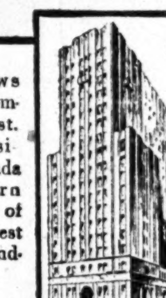
Shareholders of International Nickel Co. of Canada are in receipt of an official notice calling the annual meeting of the company for March 29 at the Royal York Hotel, Toronto.

The board of directors has fixed March 1, as the record date for determination of stockholders entitled to notice of and to vote at the annual meeting and only stockholders of record at the close of business on that date will be permitted to vote.

Good Salmon Shipments

Salmon shipments for December through Vancouver totalled 76,851 cases in 32 different vessels, the largest single shipment, consisting of 24,208 cases, was consigned to London, England.

4%
COMPOUNDED HALF-YEARLY



Money grows rapidly at compound interest. Savings deposited with Canada Permanent earn the high rate of 4%, the interest being compounded half yearly.

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Assets exceed $72,000,000

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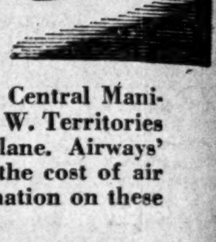

ANYWHERE IN CANADA

The mining districts of Quebec, Central Manitoba, British Columbia and the N. W. Territories are readily accessible by aeroplane. Airways' agents will be glad to quote on the cost of air transportation and supply information on these districts.

In Toronto an office has been opened at 1430 Can. Bank of Commerce Bldg.

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To assist you in determining just how succession duty rates in Ontario will affect your Estate, we have prepared a digest of this Act in an easily understandable form which we would be pleased to mail you upon request.
THE STERLING TRUSTS CORPORATION
Sterling Tower, TORONTO
Branch:—REGINA

BALANCE SHEET OF THE
Toronto Mortgage Company
For the Year Ending 31st December, 1931

ASSETS

Office Premises in Toronto Street unencumbered		$ 45,000.00
Real Estate held for sale		None
Mortgages at face value, less provision for possible depreciation—		
Principal	$4,287,176.57	
Interest due	4,495.24	
		4,291,671.81
Loans on Stocks		12,500.00
Securities of the Dominion of Canada and its Provinces	225,279.47	
Securities guaranteed by the Dominion of Canada or by its Provinces	55,626.15	
Debentures of Canadian Municipalities	58,439.12	
Other Bonds and Debentures	5,844.74	
		345,189.48
Stocks fully paid up		108,400.00
Cash in Chartered Banks		72,450.84
Cash in Office		4,994.96
Total		$4,880,207.09

LIABILITIES

To the Public			
Debentures Sterling		$1,874,233.00	
Accrued Interest thereon		15,692.28	
Debentures Currency		610,985.19	
Accrued Interest thereon		12,007.43	
Deposits, Savings Accounts		94,284.75	
Reserved for Accrued Taxes		13,500.00	
			$2,620,702.65
To the Shareholders			
Capital Stock subscribed	$ 986,500.00		
Capital Stock fully paid		986,500.00	
Reserve Fund	1,151,154.50		
Premium on new Stock	13,847.50		
		1,165,002.00	
Unclaimed Dividends		43.50	
Dividend declared and unpaid, due 1st January, 1932		29,595.00	
Profit and Loss Account—Balance carried forward		78,363.94	
			2,259,504.44
Total			$4,880,207.09

PROFIT AND LOSS ACCOUNT

Dr.	
Interest on Sterling Debentures paid and accrued	$ 90,983.47
Interest on Currency Debentures paid and accrued	29,776.18
Interest on Deposits	3,299.46
Charges on Moneys borrowed and lent	11,083.11
Cost of Management, viz.:—Salaries, Directors' and Auditors' Fees, Office Rent, etc.	27,291.06
Dominion, Provincial and Municipal Taxes	16,705.64
Dividends on Capital Stock at 12%	118,008.00
Balance carried forward	78,363.94
Total	$ 375,510.86
Cr.	
Balance Brought forward	$ 63,373.21
Interest on Investments and net rental from Office Premises	312,137.65
Total	$ 375,510.86

W. GILLESPIE, Manager THOS. H. WOOD, President

We have audited the Books and Accounts of the Toronto Mortgage Company for the year ending 31st December, 1931, and have verified the cash, bank balances, and Securities of the Company. After due consideration, we have formed an independent opinion as to the position of the Company. In our opinion, so formed, and according to the best of our information and the explanations given to us, we certify that, with the reservations provided, the above statements set forth fairly and truly the state of the affairs of the Company and are in accordance with its books. All transactions of the Company that have come within our notice have been within the powers of the Company.

Toronto, 11th January, 1932.

ARTHUR J. HARDY,
H. D. LOCKHART GORDON, F.C.A., Auditors